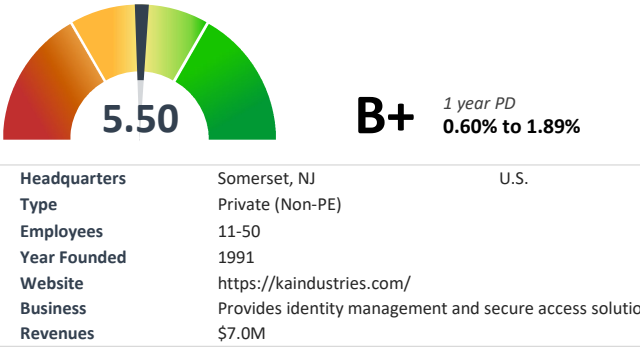


# K & A Industries, Inc.



## Company Overview

- Company Overview:** K & A Industries, Inc. is a provider of identity management and secure access solutions, headquartered in Somerset, NJ, and established in 1991.
- Product:** The company offers secure credentialing, access control products, ID card accessories, and card printing solutions, catering to diverse sectors such as government, corporate, healthcare, military, and education.
- Customers:** Its client base spans six continents, ensuring global exposure and reduced dependency on localized markets.
- Ownership:** Privately held, with no publicly disclosed ownership details, reflecting a closely managed structure that supports long-term strategies without public market pressures.
- Debt Structure:** Missing details, but the entity has minimal debt.
- Other (pros/cons):** K & A Industries, Inc.'s minimal leverage, shown by a Net Debt/EBITDA ratio of (0.04) and debt-to-assets ratio of 5.9%, supports its strong credit stability with low risk exposure. Despite 17.9% revenue growth in FY 2023, the 10.0% EBITDA margin trailing peers at 12.5% , although the FY-24 (A) EBITDA Margin is anticipated to reach 14.0%. Comparatively small entity size increases the empirical default risk. Annualized financials for 2024 (based on T5 through May-24) indicate a steep growth in Total Revenue (+66%), a 4-points wider EBITDA Margin, and an increase in Net Income by 142% over FY-23. Their growth, including projected growth is impressive, yet increases our interested in the respective drivers, business strategy, targets, etc to its confirm sustainability.

## Financial Snapshot

	DEC-24 (A)	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	11,657	5,955	7,022	17.9%
Gross Profit	3,054	1,844	2,126	15.3%
Adjusted EBITDA	1,632	579	700	20.9%
Gross Profit Margin	26.2%	31.0%	30.3%	-0.7 ppt
EBITDA Margin	14.0%	9.7%	10.0%	0.2 ppt
Net Income	1,619	534	667	24.8%

## Financial Ratio Benchmarking

# of Benchmarks:	18	Industry Median	Company Metric	Percentile Rank
		\$37M	\$7M	
Liquidity	Revenue	1.10	2.36	<div></div> 79%
	Quick Ratio	0.96	2.08	<div></div> 80%
Leverage	Net Debt / EBITDA	2.08	(0.04)	<div></div> 86%
	Debt to Assets	34.2%	5.9%	<div></div> 84%
Profitability	EBITDA Margin	12.5%	10.0%	<div></div> 47%
	ROCE %	4.1%	95.6%	<div></div> 100%

# of Industry Benchmarks 18  
Company Financials Date Dec-23

Industry Benchmarks - Primary: Security and Alarm Services

## Business Risk

Industry Group Risk Profile			Business And Consumer Services	20%	5.5	to	7.5
Industry Risk Assessment	KPI Rating	Contribution	Industry Group Description				
Cyclicality	Intermediate risk	<div></div>	Primary revenues from offering solutions for noncore activities or providing varied business and consumer services, including: services for direct consumer needs; product distribution services; facilities services for maintaining other businesses' premises or staffing; and general and professional services for complex business support.				
Competitive Risk	Intermediate risk	<div></div>					
Global Industry	Intermediate risk	<div></div>					
Market Segment Outlook	Above Average	<div></div>					
Competitive Position Profile			Business And Consumer Services	50%	4.5	to	6.0
Competitive Position KPIs	KPI Rating	Contribution	Rating Guideline				
Cycle-Tested	< 2000	<div></div>	Navigated multiple economic down-cycles.				
Brand Equity and Reputation	Satisfactory	<div></div>	Average brand with limited ability to command a price premium.				
Business Strategy	Satisfactory	<div></div>	Inconsistent in some key areas.				
Customer & End-Market Diversity	Satisfactory	<div></div>	Moderate reliance on a group of customers or end-markets.				
Service Diversity	Satisfactory	<div></div>	Limited range of services. Limited diversity in customer needs met.				
Expense Structure	Satisfactory	<div></div>	Limited ability to flex staff or inventory. Higher direct labor expense.				
Working Capital Management	Satisfactory	<div></div>	Average working capital management with some volatility.				
Reinvestment Needs	Weak	<div></div>	Excessive reinvestment needs affecting profitability.				
Management, Governance, Sponsorship				30%	4.5	to	5.5

## Anchor Modifiers

Modifiers			
Revenue Segment	Normalization	<div></div>	\$5-10M
Trend Analysis	Adjustment	<div></div>	Strong Positive
Financial Flexibility	Adjustment	<div></div>	Very High
Other Modifier	Risk Flag	<div></div>	Strong growth is impressive, but we'd like to get a better understanding of strategy, drivers behind their impressive growth, next steps, etc.

## Rating Range (Rounded)

5.0 to 6.0

Weight	Rating Range		
65%	7.0	to	8.0