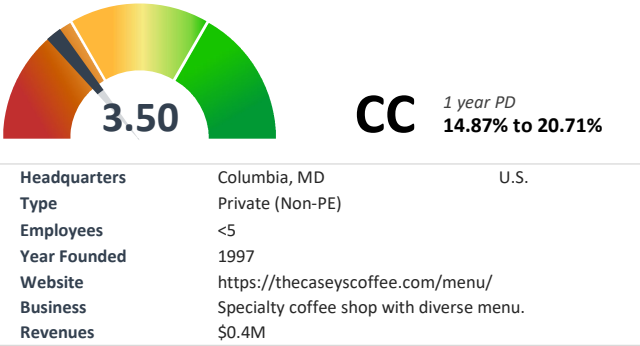


Casey's Coffee, Inc.



Company Overview

- Company Overview:** A local specialty coffee shop in Columbia, MD.
- Product:** Specialty coffee drinks, gourmet sandwiches like the "Three Cheese Grill," and fresh salads, appealing to a diverse customer base.
- Customers:** Primarily local residents, professionals, and visitors, who are drawn to the quality of the menu offerings and the atmosphere.
- Ownership:** Managed by Jay Lee, who leads the business operations and strategic decisions.
- Debt Structure:** N/A, but they are paying for a car loan/lease.
- Other (pros/cons):** Revenue declined from \$377.6k in FY-22 to \$350.8k in FY-23. Rising operating expenses put some pressure on their EBITDA Margin. Yet, they do have a high EBITDA margin of 53.7% relative to peers 7.3%. The absence of detailed debt and liquidity metrics creates uncertainty around long-term financial stability and resilience to economic fluctuations. Founded in 1997, they made it through COVID, and are profitable, suggesting a loyal customer base. Small entity size increases the empirical default risk.

Financial Snapshot

	Dec-21	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	-	378	351	-7.1%
Gross Profit	-	292	278	-4.9%
Adjusted EBITDA	-	210	188	-10.5%
Gross Profit Margin	-	77.4%	79.3%	1.9 ppt
EBITDA Margin	-	55.7%	53.7%	-2.0 ppt
Net Income	-	149	133	-10.5%

Financial Ratio Benchmarking

# of Benchmarks:	17	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks	17
		\$8M	\$0M		Company Financials Date	Dec-23
Liquidity	Revenue				Industry Benchmarks - Primary: Restaurants	
	Current Ratio	1.02				
Leverage	Quick Ratio	0.84				
	Net Debt / EBITDA	(0.07)	-	<div></div> 50%		
Profitability	Debt to Assets	27.3%				
	EBITDA Margin	7.3%	53.7%	<div></div> 100%		
	ROCE %	14.1%				

Business Risk

Industry Group Risk Profile		Retail And Restaurants		20%	4.5	to	6.5
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description			
Cyclicality		Intermediate risk	<div></div>	Entities that derive a majority of their revenue from selling goods or services directly to the individual consumer through stores, catalogues, or online operations--or a combination of these channels. We include restaurants, automotive retailers, and grocery wholesalers in this sector given that the fundamentals of operating these businesses are largely the same as general retailing with similar unit economics.			
Competitive Risk		Intermediate risk	<div></div>				
Global Industry		Intermediate risk	<div></div>				
Market Segment Outlook		Stable	<div></div>				
Competitive Position Profile		Retail And Restaurants		50%	4.5	to	6.0
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline			
Cycle-Tested		< 2000	<div></div>	Navigated multiple economic down-cycles.			
Merchandising Strategy		Satisfactory	<div></div>	Strategy is somewhat inconsistent and lacks focus			
Brand Reputation and Marketing		Satisfactory	<div></div>	Average brand reputation, limited price premiums			
Online Strategy		Weak	<div></div>	No significant online presence			
Store Development		Satisfactory	<div></div>	Average store locations, some outdated			
Advertising Budget		Weak	<div></div>	Very small budget, minimal marketing			
Scale and Scope		Weak	<div></div>	Very small scale, no bargaining power			
Geographic Diversity		Weak	<div></div>	Only operates in a small local area			
Concept Diversification		Satisfactory	<div></div>	One main concept with limited diversification			
Same-Store Sales		Satisfactory	<div></div>	Flat or minor growth, in line with sector average			
Management, Governance, Sponsorship				30%	4.5	to	5.5

Anchor Modifiers

Modifiers			
Revenue Segment	Normalization	<div></div>	< \$5M
Trend Analysis	Adjustment	<div></div>	Moderate Negative
Other Modifier	Risk Flag	<div></div>	No notes to financials (-0.25), Barely any publicly available information - poor website, declining sales, there is a car loan or lease, but we have zi

Rating Range (Rounded)

3.0 to 4.0