

PROJECT CHEWY

\$4.0MM LINE OF CREDIT

\$12.5MM TERM LOAN



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BUSINESS CAPITAL SINCE 2002

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BUSINESS DESCRIPTION

Our Client (the "Company") has been in business since 1967 and grows, sells, packages, processes, and ships raisins worldwide. Currently operating at 45% capacity, the Company can process over 10,000 tons annually and has maintained long-term relationships with over 50 growers. The Company has a reputation for dependable service, meeting the most rigid industry food safety specifications, producing high-quality California raisins, and offering unique packaging options.

The Company conducts business with two related entities – a farming company with 159 acres of farmland and a company with a commercial dehydrator for production of golden seedless raisins. The Company can apply specialty coatings and package its product in small cartons and pouches for private label customers, as well as provide bulk product for food producers and processors. The Company is the only one in the industry with established production lines that can produce certain packaging configurations required by its customers. This barrier to entry protects sales, margins and helps retain long term relationships accounting for ~50% of annual sales.

Prices paid to growers mirror sums established by the Raisin Bargaining Association. The Company essentially adds the cost to process and store purchased raisins, along with a margin, to derive a sales price for customers.

The Company was historically profitable prior to FY2023 but, due to a lower volume of raisins available for sale and rising operating costs outstripping raisin prices, profits dropped. In many instances, the Company could have sold more if not for a shortage of raisins. The principals hired a consultant to address performance challenges who identified that the Company had been severely underpricing certain export products and, in response, pricing has been successfully increased to several key customers. As a result, the Company is projected to return to profitability in FY2025 and is currently profitable in Q1 FY2025.

TRANSACTION SUMMARY

The Company is seeking a \$4.0MM LOC secured by AR and inventory and a \$12.5MM term loan secured by appraised agricultural land and processing facility to refinance debt and AP.

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SELECT HIGHLIGHTS

1 Revenue & Profitability Growth in 2025

	Actual Pricing					
\$000s	2020	2021	2022	2023	2024	2025
Revenue	\$23,926	\$21,360	\$19,930	\$15,684	\$14,040	\$21,430
EBITDA	\$554	\$201	\$691	(\$2,345)	(\$76)	\$488
Net Income	\$350	\$621	\$743	(\$2,498)	(\$1,616)	\$103

	Adj. Pricing					
\$000s	2020	2021	2022	2023	2024	2025
Revenue	\$24,610	\$22,050	\$20,495	\$16,330	\$14,786	\$21,430
EBITDA	\$1,248	\$903	\$1,262	(\$1,693)	\$670	\$2,703
Net Income	\$1,027	\$1,311	\$1,308	(\$1,852)	(\$871)	\$800

- Historically profitable business prior to FY2023
- Forecasted return to profitability in FY2025 due to price increases to major customers implemented in FY2024
- The Company arrived at an agreed-upon 15% price increase – the Company adjusted its historical financials to illustrate its effect on earnings
- 2020 through 2024 sales decreased due to crop shortages caused by untimely weather events and will rebound in 2025 due to favorable growing conditions

2 Supportive Balance Sheet

\$000s	2021	2022	2023	2024	2025
AR	\$1,809	\$2,185	\$1,115	\$297	\$1,304
Inventory	\$13,234	\$13,645	\$5,868	\$6,199	\$6,086
PP&E	\$2,793	\$2,690	\$2,800	\$2,560	\$2,320
Total Assets	\$20,134	\$21,599	\$12,401	\$11,501	\$12,285
Line of Credit	\$10,874	\$11,278	\$11,365	\$11,479	\$11,479
Term Loan	\$1,338	\$1,241	\$1,654	\$1,372	\$1,372
Total Liabilities	\$16,170	\$16,891	\$20,070	\$20,786	\$20,770
Adj. Net Worth	\$19,824	\$20,567	\$8,191	\$6,575	\$7,375

- Increased AR in FY2025 due to an increase in fruit availability, allowing the Company to sell bulk product
- Adj. Net Worth includes an adjustment for the appraised land and processing facility

3 Strong Collateral Position

\$ in thousands	
Collateral	Refinance Debt
Trade Accounts Receivable	\$915 Refinance Line of Credit
Inventory	\$8,927 Refinance Term Loan
Appraised Processing Facility	\$10,430 Refinance Debt
Appraised Farm Land	\$5,430 Refinance AP
Machinery & Equipment	\$4,634 Refinance Grower AP
Total Collateral	\$30,336 Total Debt
	\$16,674

- Inventory includes ~\$8.4MM in raisins
- Processing facility and farmland were appraised in August 2024 at ~\$15.9MM

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