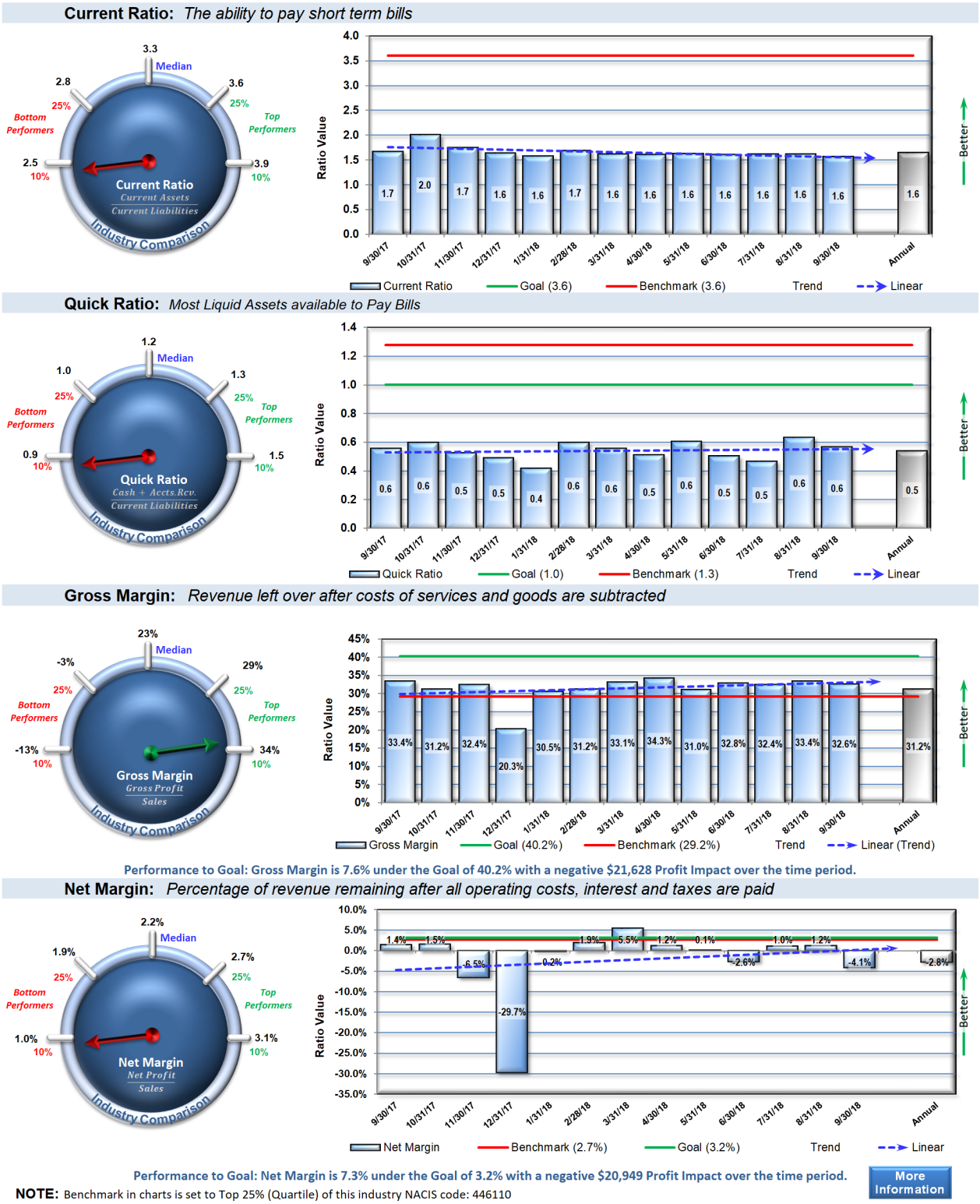
Trend Charts
Liquidity and Profits
Sample Company



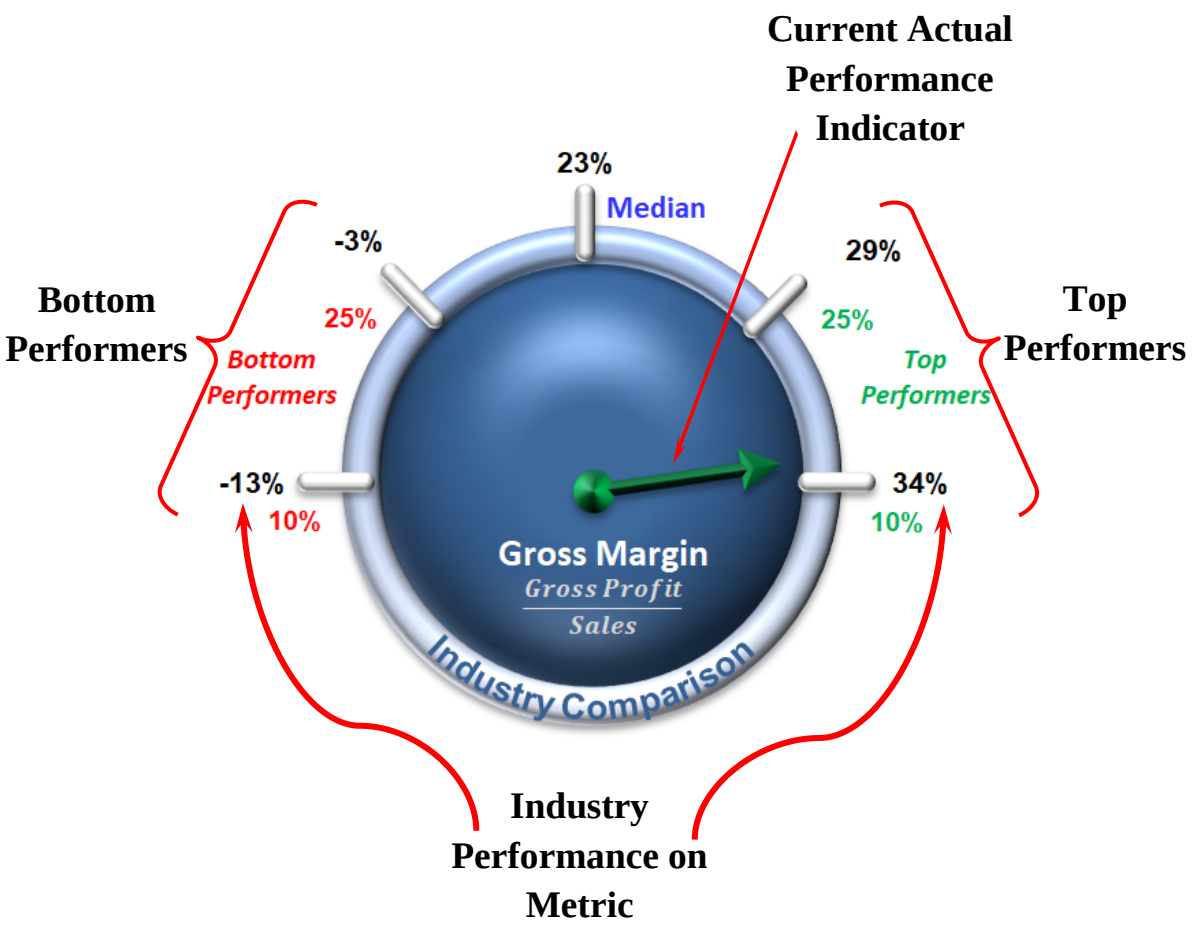
These meters and charts plot the company's performance for the Key Performance Metric (KPM) page of your report. The earlier KPM page provides the last 3 months of metrics whereas these charts provide the last 13 months so you can see your company performance trend over a

rolling annual term. These charts include a bar showing the industry's top 25% as a "Benchmark" as well as annualized (12 month) rolling averages and the goal set by you for each metric - all on the same graph.

Reading from left to right on each bar chart you will see each month's performance for 13 months followed by the Industry Benchmark in green, your annualized number for the last 12 months and then finally the goal set by you (after your first report).

The meters are an indication of where the company stands against their industry. The meter shows the data for your industry based on the NAICS code provided when a report is run. The right side of the meter are the Top Performing 25% (in this case 3.3) and top 10% (in this case 3.5) indicated in the green numbers and then the Bottom Performers for the lower 25% (in this case 2.2) and 10% (in this case 1.4) indicated in red numbers. The company's most current performance is indicated by the meter indicator arrow. The arrow changes from Red (problem) to Yellow (caution) to Green (good) based on where your company stands relative to the industry. In this example, the meter indicates that this company is slightly below the bottom 25% of their industry on the Current Ratio.

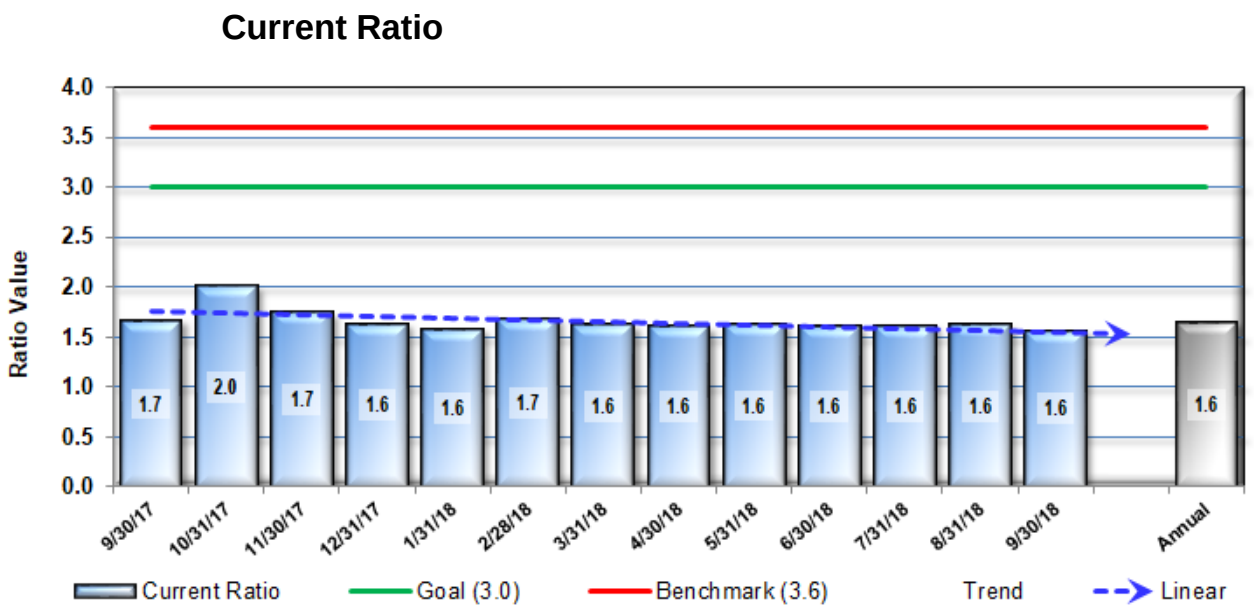
Many financial Professionals believe being near or at the median (12 o'clock position) is a "caution" as a company should always try to be at least at the top 25% of their industry.



This set of four charts is for the *top* group of metrics on the KPM table marked **SHORT TERM RATIOS: Liquidity & Profitability.** For all of these charts, larger values are better.

The definitions for these metrics are as follows:

Liquidity



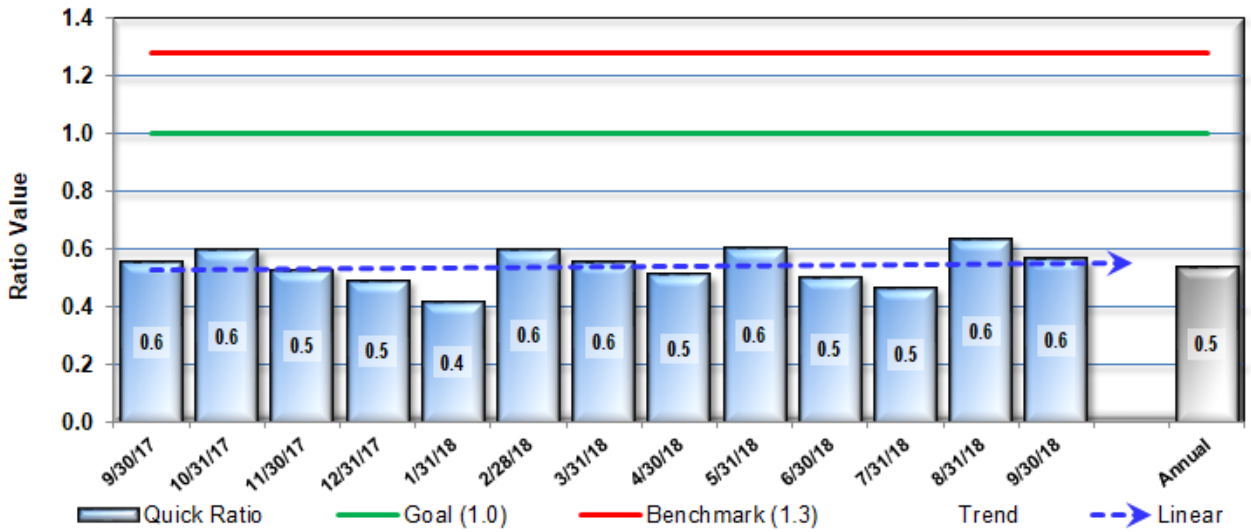
$$Current\,Ratio = \frac{Current\ Assets}{Current\ Liabilities}$$

This ratio, also called the "solvency" ratio, is a comparison of current assets to current liabilities, commonly used as a measure of short-run solvency, i.e., the immediate ability of a business to pay its current debts as they come due.

Potential creditors use this ratio to measure a company's overall ability to repay short-term debts.

The Light Blue columns represents the Metric Value for that month, with the far right column (in grey) being the Annual or average for the last 12 months. The numeric value of the monthly and annual metric is indicated with the number found in the middle of each column. The Red horizontal line is the Benchmark, which is set to the top 25% on the NACIS Code industry. The actual value of the Benchmark can be found in the legend being the number in parentheses ().The Green Line Is this company's Goal for this metric. As ***Note:*** *On the very first report the Goal is set for the company at the top 10% on the NACIS Code industry or the best-in-class.* And Finally there is a linear Trend Line shown in Blue that calculates how the company is trending on this metric with the right arrow tip predicting where next month could be based on the trending values.

Quick Ratio



$$\textit{Quick Ratio} = \frac{\textit{Cash} + \textit{Accounts Receivable}}{\textit{Current Liabilities}}$$

The Quick Ratio, also called "acid test" or "liquidity" ratio, measures only cash, marketable securities (cash equivalents) and accounts receivable because they are considered to be the most liquid forms of current assets. It is the measurement of a company's ability to generate cash in the short term to run the business and pay its bills. A Quick Ratio less than 1.0 implies dependency on inventory and other current assets to liquidate short-term debt.

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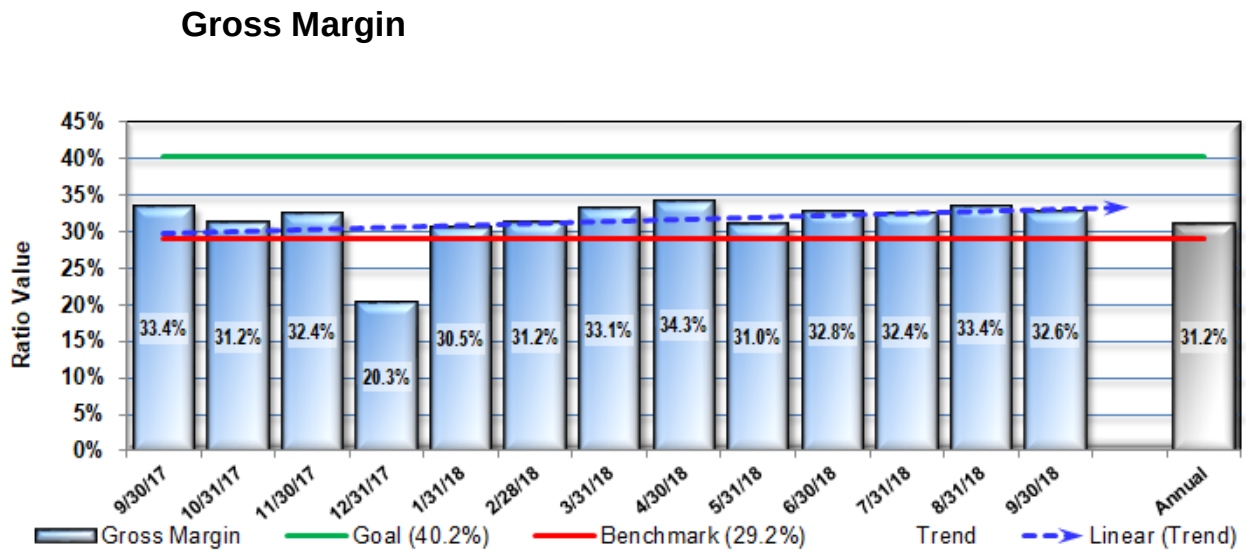
Profitability



Performance to Goal: Gross Margin is 7.6% under the Goal of 40.2% with a negative $21,628 Profit Impact over the time period.

$$\boldsymbol{Gross\ Margin = \frac{Gross\ Profit}{Sales}}$$

The "Gross Margin" chart reveals how much a company earns in relation to the direct costs that it incurs for producing its products and/or services. In other words, this chart is a visual translation of the accounting formula (gross profit divided by gross sales) for computing gross margin. This is normally expressed as a percentage as shown on the left scale of this chart.

Gross margin is a good indicator of how profitable a company is at the most fundamental level.

Note: Gross margin is often confused with markup which is gross profit divided by cost of goods sold (COGS).

The bottom of the Gross Margin section indicates the Profitability differential where the company is currently operating versus if they met the goal. In this example there is a $57,500 negative Profit Impact from not meeting the goal.

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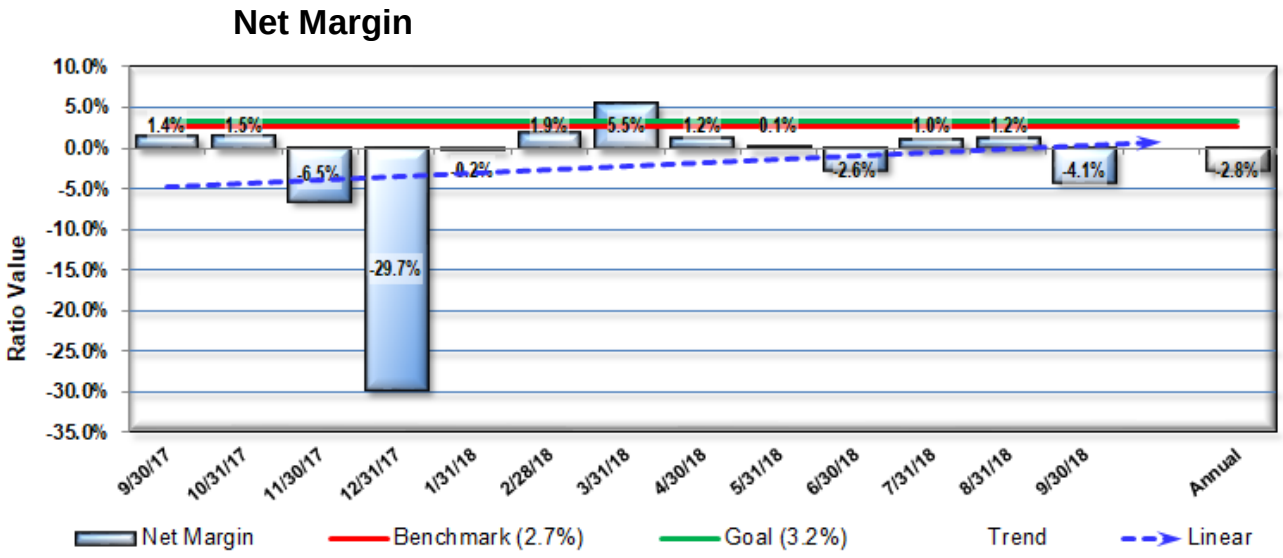

Performance to Goal: Net Margin is 7.3% under the Goal of 3.2% with a negative $20,949 Profit Impact over the time period.

$$\boldsymbol{Net\ Margin = \frac{Net\ Profit\ Before\ Tax}{Sales}}$$

The ratio of net profits to revenues for a company or business segment, typically expressed as a percentage that shows how much of each dollar of revenue generated is translated into profits.

This metric figures prominently in your company valuation as demonstrated on the "Valuation" chart that is part of this report.

The bottom of the Net Margin section indicated the Profitability differential the company is currently experiencing versus if they met the goal. In this example there is a $19,797 Profit Impact by not meeting the goal.

The Light Blue columns represents the Metric Value for that month, with the far right column (in grey) being the Annual or average for the last 12 months. The numeric value of the monthly and annual metric is indicated with the number found in the middle of each column. The Red horizontal line is the Benchmark, which is set to the top 25% on the NACIS Code industry. The actual value of the Benchmark can be found in the legend being the number in parentheses ().The Green Line Is this company's Goal for this metric. As ***Note:*** *On the very first report the Goal is set for the company at the top 10% on the NACIS Code industry or the best-in-class.* And Finally there is a linear Trend Line shown in Blue that calculates how the company is trending on this metric with the right arrow tip predicting where next month could be based on the trending values.