What is EBITDA? Is it a good metric?  
  
EBITDA stands for:  
• Earnings  
• Before  
• Interest  
• Taxes  
• Depreciation  
• Amortization  
  
It's a financial metric that shows how much money a company makes before taking into account non-operational expenses like interest and taxes and non-cash expenses like depreciation and amortization.  
  
Why is EBITDA important for Businesses?  
EBITDA is important because it gives businesses an idea of how much money they're generating from their operations.  
This is useful for investors and lenders who want to know how profitable a company is.  
It’s like a scorecard to know how much money a company is making.  
  
How is EBITDA calculated?  
  
To calculate EBITDA, you need to start with a company's revenue and subtract its cost of goods sold.  
Then, you subtract its operating expenses (like salaries and rent).  
Another way to calculate it:  
Net Income  
+ Interest Expense  
+ Taxes  
+ Depreciation  
+ Amortization  
  
EBITDA vs. Net Income  
EBITDA:  
In EBITDA, you don’t take into consideration these expenses: Depreciation, Taxes, Interest.  
Net Income:  
But the net income is what remains as actual profit after depreciation, interest, taxes are taken in account.

