

## Profitability and Liquidity

	Year 3 Blizzard	Year 2 Blizzard	Year 1 Blizzard	Year 3 EA	Year 2 EA	Year 3 Changyou	Year 2 Changyou
<b>Revenue \$</b>	\$6,608,000	\$4,664,000	\$4,408,000	\$4,845,000	\$4,396,000	\$525,385	\$761,636
<b>Revenue Growth %</b>	41.68%	5.81%	-3.82%	10.21%	-2.64%	-31.02%	0.84%
<b>Gross Margin \$</b>	\$4,216,000	\$3,078,000	\$2,883,000	\$3,547,000	\$3,042,000	\$359,575	\$544,875
<b>Gross Margin %</b>	63.80%	65.99%	65.40%	73.21%	69.20%	68.44%	71.54%
<b>EBIT</b>	\$1,320,000	\$1,319,000	\$1,183,000	\$1,210,000	\$877,000	\$168,653	\$244,686
<b>Operating Profit</b>							
<b>Margin %</b>	19.98%	28.28%	26.84%	24.97%	19.95%	32.10%	32.13%
<b>Net Income</b>	\$966,000	\$892,000	\$835,000	967000	1156000	\$147,070	\$190,627
<b>Profit Margin (ROS)</b>	14.62%	19.13%	18.94%	19.96%	26.30%	27.99%	25.03%
<b>Risk Free Rate: T bill</b>							
<b>Rate</b>	2.49%	2.24%	2.21%	2.40%	2.32%	2.13%	2.24%
<b>Beta (from finviz)</b>	0.83	1.07	1.59	0.64	0.64	1.16	1.16

<b>Market Premium (assume 5%)</b>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Re: Equity Cost of Capital %</b>	6.64%	7.59%	10.16%	5.60%	5.52%	7.93%	8.04%
<b>Ave. Equity</b>	\$8,594,000	\$7,652,000	\$6,928,000	\$3,728,000	\$3,216,000	\$1,241,000	\$1,103,707
<b>Re: Equity Cost of Capital \$</b>	\$570,642	\$580,787	\$703,885	\$208,768	\$177,523	\$98,411	\$88,738
<b>Economic Profit (equity) \$</b>	\$395,358.4	\$311,213.2	\$131,115.2	\$758,232	\$978,477	\$48,658.7	\$101,889.0
<b>Economic Profit (equity) %</b>	5.98%	6.67%	2.97%	15.65%	22.26%	9.26%	13.38%
<b>EBIT</b>	\$1,320,000	\$1,319,000	\$1,183,000	\$1,210,000	\$877,000	\$168,653	\$244,682
<b>Tax Rate (tax exp. / pretax income)</b>	12.66%	20.43%	14.88%	20.08%	20.08%	12%	22%
<b>NOPAT</b>	\$1,152,911.39	\$1,049,552.19	\$1,006,936.80	\$967,032	\$700,898	\$148,414.64	\$190,851.96
<b>Average Assets</b>	\$15,778,333	\$15,778,333	\$15,778,333	\$7,384,000	\$6,598,500	\$1,743,772	\$1,743,772
<b>Adjusted Profit Margin</b>	17.45%	22.50%	22.84%	19.96%	15.94%	28.25%	25%

<b>(NOPAT/Rev)</b>							
<b>Asset Turnover</b>	41.88%	29.56%	27.94%	65.61%	66.62%	30.13%	43.7%
<b>ROA %</b>	7.31%	6.65%	6.38%	13.10%	10.62%	8.51%	10.94%
<b>Ave. Equity</b>	\$8,594,000	\$7,652,000	\$6,928,000	\$3,728,000	\$3,216,000	1103706.5	1103706.5
<b>Profit Margin (NI / Rev.)</b>	14.62%	19.13%	18.94%	19.96%	26.30%	27.99%	25.0%
<b>Asset Turnover</b>	41.88%	29.56%	27.94%	65.61%	66.62%	30.13%	43.7%
<b>Capital Structure</b>							
<b>Leverage Ratio</b>	1.84	2.06	2.28	1.98	2.05	1.58	1.58
<b>ROE %</b>	11.24%	11.66%	12.05%	25.94%	35.95%	12.81%	18.0%
<b>NOPAT</b>	\$1,152,911.39	\$1,049,552.19	\$1,006,936.80	\$967,032	\$700,898	\$148,414.64	\$190,851.96
<b>Invested Capital (LTA + NWC- Excess Cash)</b>	\$14,793,000	\$12,635,000	\$13,814,000	\$5,303,000	\$4,630,000	\$1,664,496	\$1,737,340
<b>ROIC %</b>	7.79%	8.31%	7.29%	18.24%	15.14%	8.92%	10.99%
<b>Depreciation Expense</b>	\$121,000	\$82,000	\$76,000	\$115,000	\$119,000	\$13,600	\$16,400
<b>Accumulated Depreciation</b>	\$547,000	\$408,000	\$344,000	\$881,000	\$843,000	\$62,914	\$69,947
<b>Cash ROIC %</b>	8.30%	8.68%	7.65%	17.50%	14.98%	9.38%	11.47%

<b>LTD /</b>	\$4,887,000	\$4,074,000	\$4,319,000	\$990,000	\$989,000	\$43,375	\$30,242
<b>LTD / LTD + Equity</b>	34.89%	33.55%	37.39%	19.60%	22.55%	3.70%	2.80%
<b>Interest Expense</b>	\$214,000	\$198,000	\$202,000	\$47,000	\$28,000	\$4,321	\$8,333
<b>After Tax Interest Rate (Int. Exp. / LTD x (1-t))</b>	3.82%	3.87%	3.98%	3.79%	2.26%	8.77%	21.49%
<b>Re: Equity Cost of Capital %</b>	6.64%	7.59%	10.16%	5.60%	5.52%	7.93%	8.04%
<b>Equity / LTD + Equity</b>	65.11%	66.45%	62.61%	80.40%	77.45%	96.30%	97.20%
<b>Market / Book Ratio (from finviz)</b>	5.07	5.07	5.07	8.10	8.10	1.64	1.64
<b>WACC %</b>	5.66%	6.34%	7.85%	5.25%	4.79%	7.96%	8.42%
<b>WACC \$ (IC x WACC %)</b>	\$836,938.84	\$801,174.08	\$1,084,372.21	\$278,194.75	\$221,560.86	\$132,509.72	\$146,226.14
<b>Economic Profit (firm) Economic Profit (Firm) % (ROIC %-WACC %)</b>	\$315,972.55	\$248,378.11	\$(77,435.41)	\$688,837.25	\$479,337.54	\$15,904.92	\$44,625.82
	2.14%	1.97%	-0.56%	12.99%	10.35%	0.96%	2.57%
<b>Current Ratio (current</b>	181.85%	129.72%	241.01%	215.28%	180.07%	292.00%	187.30%

**Assets / Current  
Liabilities)**

**LTD / LTD + Equity:**

<b>Total Capitalization</b>	34.89%	33.55%	37.39%	19.60%	22.55%	3.70%	2.80%
<b>EBIT</b>	\$1,320,000	\$1,319,000	\$1,183,000	\$1,210,000	\$877,000	\$168,653	\$244,682
<b>Interest Expense</b>	\$214,000	\$198,000	\$202,000	\$47,000	\$28,000	\$4,321	\$8,333
<b>TIE Ratio (Interest Coverage)</b>	6.2	6.7	5.9	25.7	31.3	39.0	29.4
<b>Cash Flow from Operations</b>	\$2,155,000	\$1,259,000	\$1,331,000	\$1,383,000	\$1,223,000	\$(3,161)	\$(74,415)
<b>LT Liabilities</b>	\$5,674,000	\$4,567,000	\$4,695,000	\$1,243,000	\$1,234,000	\$14,736	\$1,540
<b>Cfops / LTL Ratio</b>	0.4	0.3	0.3	1.1	1.0	-0.2	-48.3