

# Financial Analysis Report

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## Analysis Results

Financial Analysis Report for Sample Company

1. Revenue and Profitability: - Total Revenue: \$9,625 (Service: \$2,750, Product: \$6,875) - Net Income: \$945 - Net Profit Margin: 9.82% - Gross Profit Margin (Product): 40%
2. Expense Management: - Total Operating Expenses: \$1,360 - Main Expense: Wages (\$1,200) - Interest Expense: \$40
3. Balance Sheet Analysis: - Current Ratio: 2.64 - Debt-to-Equity Ratio: 2.14 - Working Capital: \$1,465
4. Asset Utilization: - Return on Assets (ROA): 7.24% - Asset Turnover Ratio: 0.74
5. Equity and Dividends: - Return on Equity (ROE): 22.69% - Dividend Payout Ratio: 52.91%
6. Cash Flow Indicators: - Cash Balance: \$1,550

Key Insights and Recommendations:

1. Diversified Revenue Streams: Benefit from both service and product revenues. 2. Strong Profitability: 9.82% net profit margin with room for improvement. 3. Expense Management: Focus on optimizing wage expenses. 4. Liquidity and Solvency: Strong short-term health, but high leverage. 5. Asset Utilization: Opportunity to improve efficiency in asset use. 6. Shareholder Returns: Strong ROE and significant dividends. 7. Working Capital Management: Well-positioned for short-term obligations and growth.

Recommendations: 1. Debt Reduction: Use cash reserves to reduce long-term debt. 2. Operational Efficiency: Improve asset turnover and optimize wage expenses. 3. Growth Investment: Explore expansion opportunities. 4. Cost of Goods Sold: Reduce COGS in the product segment. 5. Dividend Policy: Ensure sustainability of current payout ratio.

This analysis provides a comprehensive overview of Sample Company's financial position, highlighting strengths and areas for improvement. Management should focus on balancing growth, efficiency, and financial stability to ensure long-term success.