

Mitigate Your Risk



Risk Score	48
Risk Conclusion	High Risk
Going Concern Value in USD	11,495,000

This report is a Risk score that gives you insides of your customer's liquidity, profitability, and financial leverage. It also contains explanations to all Key performance indicators. Having this on hand you can consult your customer on where to improve and/or use the results in the decision making process when closing a deal.

In the future, you can collaborate with a client's Financial Controller team and enter the data directly. In this case you gain efficiency because the team that created the financial statements can input the correct numbers accurately and quickly. Your customer can share the output report with both suppliers and investors.

Please keep in mind that this is a recommendation only, based on the entered information. It is not a decision. This report intends to support a decision. The decision maker should require to review if the entries are made correctly by comparing this report with the original financial statements. Subsequently, this person needs to have the authority to makes the decision.

This report contains the following:

1. Balance Sheet
2. Profit & Loss Statement
3. Risk Scoring Results
4. Definitions
5. Terms & Conditions
6. Invoice

We wish you lots of success in your business.



Balance Sheet

Cash and Cash Equivalents	256	185
Accounts Receivable - Trade	730	675
Accounts Receivable - Intercompany		
Accounts Receivable - Other	16	25
Accounts Receivable	746	700
Finished Goods	689	630
Raw Materials, Semi-Finished Goods etc.		
Inventories	689	630
Prepaid Expenses		
Other Current Assets	27	31
Current Assets	1,718	1,546
Fixed Assets	3,579	3,705
Intangible Assets	2,713	2,748
Investments in Subsidiaries		
Non-current Receivables	141	120
Other long term Assets		
Other Non-Current Assets	1,216	644
Non-Current Assets	7,649	7,217
Total Assets	9,367	8,763
<hr/>		
Common Stock		
Additional Paid-In Capital		
Retained Earnings		
Other Equity	2,299	2,273
Equity	2,299	2,273
Short Term Debt	81	80
Accounts Payable - Trade	614	571
Accounts Payable - Intercompany		
Accounts Payable - Other		
Tax Payables	9	8
Deferred Tax Assets		
Accrued Expenses	295	264
Other Current Liabilities		
Current Liabilities	999	923
Long-Term Debt	3,664	3,537
Long-Term Debt - Intercompany		
Long-Term Leases		
Pension Plan Reserves	619	638
Other Non-Current Liabilities	1,786	1,392
Non-Current Liabilities	6,069	5,567
Total Equity and Liabilities	9,367	8,763

Profit & Loss Statement

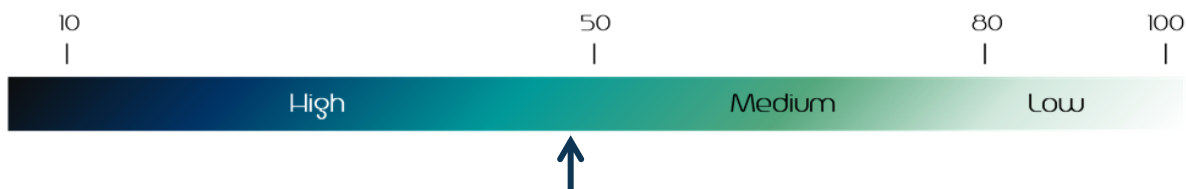
Net Sales	4,650	4,165
Cost of Goods Sold	4,143	3,697
Gross Margin	507	468
Sales & Marketing Expenses	255	249
Administration Expenses		
Research & Development Expenses		
Other Operating Expense	40	157
Other Operating Income		
Income from shares and loans	2	1
Other interest income and similar income	(1)	(1)
Interest expense and similar expense	158	144
Operating Income	53	(82)
Extraordinary Gain/ Loss (e.g. asset sales)		
Extraordinary Result	0	0
Income tax	(4)	(36)
Other tax		
Net Profit After Tax	57	(46)
Depreciation & Amortization	411	397
EBITDA	622	459
EBIT	211	62

Credit Scoring Results

Financial Statement Risk Evaluation		Ratio	Weight	Score
Financial Leverage		0.75	50%	30
Dynamic Financial Leverage		0.06	50%	20
Leverage Score			1/3	25
Interest Coverage		0.96	25%	20
Operating Cash Flow - Current Liabilities Ratio		0.42	25%	50
Current Ratio		1.72	25%	100
Quick Ratio		1.03	25%	90
Liquidity Score			1/3	65
Operating Profit Margin		0.00	50%	10
Return on Assets		0.01	50%	20
Profitability Score			1/3	15
Financial Statement Risk Score			100%	35

Environment Risk Evaluation		Input	Weight	Score
Country Risk		BBB	17%	70
Industry Risk		B	17%	50
Organization Type		parent company	17%	60
Years in Business		> 30 years	17%	80
Geographic Coverage		< 50 % export	17%	60
Business Diversification		some markets - some customers	17%	50
Environment Risk Score			100%	62

Risk Score	48
Risk Conclusion	High Risk
Going Concern Value in USD	3,783,000



Definitions

Financial Statement Risk Evaluation		
	Financial Leverage	= Liabilities / Assets
	Dynamic Financial Leverage	= Operating Cash Flow / Total Debt (excluding Pension Plan Reserves)
Leverage Score		
	Interest Coverage	= (EBIT - Inventory Changes in Finished Goods) / Interest Expenses
	Operating Cash Flow - Current Liabilities Ratio	= Operating Cash Flow / Current Liabilities
	Current Ratio	= Current Assets / Current Liabilities
	Quick Ratio	= (Current Assets - Inventories) / Current Liabilities
Liquidity Score		
	Operating Profit Margin	= (Operating Income - Inventory Changes in Finished Goods) / Net Sales
	Return on Assets	= Net Profit After Tax / Total Assets
Profitability Score		

Environment Risk Evaluation		
	Country Risk	In dependence on Euler Hermes Rating definitions
	Industry Risk	In dependence on Euler Hermes Rating definitions
	Organization Type	The logic in the ranking is that it is least likely that states go bankrupt. That's why it has the lowest credit default risk. Private companies whose owners are liable with their private capital will act much more risk averse than managers in limited companies. If the limited company is part of a group, then there is a higher market power and chance to survive. Subsidiaries will be able to receive financial support from the parent company. Non-profit organizations are not pressured by market forces and their financing is different. This is the reason why the credit default risk is lower.
	Years in Business	The number of years in business indicates the quality of the business as well as the quality of the management to survive at the market in the long run.
	Geographic Coverage	As higher the revenue is made abroad and this is diversified to various countries, the dependency to geographical markets and their turbulences is reduced. This is called natural hedging as well.
	Business Diversification	Similar to the business diversification it is risk reducing from a Portfolio theory perspective if the player is not putting all its efforts on one market. This is valid for geographical markets and number of customers as well. Concentration builds dependencies, which can promise high rates of return but also bring high risks. If the project is unsuccessful the company can struggle to survive.

Terms & Conditions

Valid from: August 1, 2018

1. **Scope:** The following Terms and Conditions regulate the business relations between Emerald Rating GmbH (hereinafter referred to as Emerald Rating) and the customer.
2. **Basis for the Business Relationship:** The use of Emerald Rating services in the field of credit information after electronically signing these General Terms and Conditions and making the payment through one of the offered payment methods. To this extend the respective effective prices and conditions as well as these General Terms and Conditions, and any other potential, special terms and conditions shall apply.
3. **Contract Period and Termination:** The use of Emerald Rating services is no membership. The parties agree that credit information is provided by Emerald Rating after the customer has entered the requested financial information, accepted these General Terms and Conditions and paid the service fee through the offered payment methods. This fulfills the requirements of this agreement.
4. **Prices and Terms of Payment:** The price for using the Emerald Rating services is 100 Euros excluding value-added tax (VAT). The payment term is immediate at the point of sale.
5. **Authority to Represent the Company:** With respect to the service provision, irrespective of their authority to represent the company listed in the commercial register, all those employees of the customer who communicate with Emerald Rating either verbally, by telephone or in writing (by mail, fax or e-mail) shall be deemed as authorized to represent their company when dealing with Emerald Rating. The customer shall bear the risk for inadequate authority to represent the company or missing authority of its employees.
6. **Copyright:** The customer accepts that Emerald Rating services are created by order of Emerald Rating. Any brands, company logos, other distinguishing marks or proprietary notices, copyright mentions, and all other characteristics that serve the identification of Emerald Rating must not be removed or modified. The customer is prohibited from accessing the software in order to modify, copy or counterfeit the latter or in order to exert influence on the source code of the software or to derive it in any way.
7. **Means of Communication and Transmission Errors:** Emerald Rating is entitled to direct all messages for the customer to the mailing or e-mail address, telephone and/or fax number provided by the customer. The customer shall bear the risk for any losses arising from transmission errors for which the customer is responsible (e.g. e-mails landing in the customer's spam folder).
8. **Warranty:** Emerald Rating endeavors to maintain its service platform. The customer acknowledges that it may to a certain extent contain errors (e.g. data entry errors by the customer). The customer is responsible for ensuring that the information is adequately designated for the customer's intended purposes. The data shall be delivered and the associated services shall be provided. Emerald Rating shall not provide any warranty that the services can be provided without interruption or error-free, and furthermore shall provide no guarantee and shall not be held responsible for the availability, quality or execution of the services. Emerald Rating is not liable for any losses or damage that may arise from Emerald Rating's behavior concerning the credit services. Emerald Rating services shall support credit decision making, but the credit decision as such must be taken by the authorized body of the lender including the review of the correct data entry. Warranty claims shall be excluded if the defect is due to circumstances, which the customer is responsible for. Any impairment of the function, which is due to hardware defects, environmental conditions, operating error or similar reasons, shall not be deemed a defect. If there is cause for defects liability, the customer may request either remedy or replacement at Emerald Rating's option. Should Emerald Rating, due to its own fault, be unable to provide appropriate remedy or replacement, the customer may either withdraw from the agreement or demand that the price for the service concerned be reduced. The warranty period shall be one year with effect from the day of delivery of the service.
9. **Disclaimer:** Emerald Rating shall be liable for any damage caused deliberately or by gross negligence within the scope of the damage. Any further liability shall be excluded to the extent permitted by law. Emerald Rating shall not be liable for losses as a result of instructions by the

customer. The liability of Emerald Rating shall be limited to losses incurred by the customer. Any liability for further losses, namely third-party indemnification, shall be waived completely.

10. Usage Limitations: The customer shall ensure compliance with the agreed scope of services. The customer is prohibited from replicating software, with the exception of a backup copy intended exclusively for his own personal use. The customer shall use the services provided to him solely in accordance with the effective laws. In particular he shall guarantee compliance with the provisions regarding data protection and copyright and he shall indemnify Emerald Rating from any claims enforced by third parties against Emerald Rating as a result of a violation of the aforementioned provisions.
11. Technical Requirements: Safeguarding the operation of the program's work environment and adapting it to technological advancements falls within the customer's scope of responsibilities. On request Emerald Rating shall inform the customer of the current technical requirements.
12. Breach of Contract: Violation of the usage limitations or any other breach of contract shall result in the immediate termination of the right of utilization. In this case, no refund shall be made for any service fees already paid. This shall not affect any further claims for damages.
13. Data and Privacy: Emerald Rating is not gathering, trading or processing personal data. The customer agrees that the financial and customer environment information that he enters in Emerald Rating service, deals for converting it into information for supporting a credit decision only. Personal information from payment process is disconnected from Emerald Rating services.
14. Contract Documents and Alterations: In case of conflict between the provisions of an individual contract and the provisions of these Terms and Conditions, the provisions of the individual contract shall prevail within the scope in which the disagreement exists. Should an individual provision be or become invalid, this shall not affect the validity of the remaining provisions. The customer's General Terms and Conditions shall not be applicable insofar as they contradict the Emerald Rating General Terms and Conditions. Unless explicitly agreed otherwise, any alterations and amendments of these terms and of any individual contracts must be in writing. This shall also apply to any agreement with regard to a waiver of the written form requirement.
15. Applicable Law: This agreement is governed by Swiss law.
16. Place of Jurisdiction: The courts having jurisdiction in Schübelbach (the registered office of Emerald Rating) are appointed for court settlements, subject to any mandatory legal provisions to the contrary. Emerald Rating has the right to sue the customer at another court having jurisdiction.



Going Concern Valuation

Invoice

Dear customer,

Thank you for choosing Emerald Rating services. For this we invoice you the following amount:

Description	Quantity	Amount per unit	Total Amount
B2B Customer Risk Evaluation	1	EUR 100.00	EUR 39.00
Total Net			EUR 39.00
VAT			N/A
Total Gross			EUR 39.00

The amount was fully paid through our electronic payment gateway.

In case of questions feel free to contact us via info@emeraldrating.com

Best regards,

Your Emerald Rating Team