ACME CORP

Annual Financial Report

Fiscal Year Ended December 31, 2025

This report is a wholly fictional document prepared for illustrative and demonstration purposes. ACME Corp is not a real company, and all figures, names, and financial results presented herein are synthetic.

Prepared by the Office of the Chief Financial Officer
Draft — Internal Distribution Only

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About This Report

This document presents a fictional overview of ACME Corp's financial position, operating performance, and cash flows for the fiscal year ended December 31, 2025, together with comparative figures for the prior fiscal year. It is intended solely as a sample document and does not represent the finances of any real entity.

1. Executive Summary

ACME Corp delivered a solid fiscal year 2025, marked by continued revenue growth, expanding operating margins, and disciplined capital allocation. Total revenue grew to $69.1 million, an increase of 20.4% over the prior year[1], driven primarily by strength in the company's core industrial products division and an expanding services offering.

Net income for the year reached $9.3 million, up from $7.8 million in fiscal year 2024, reflecting both top-line growth and continued operating leverage across the business. Operating margin improved to 18.6%, compared with 17.2% in the prior year, as management continued to execute on its cost-efficiency initiatives[2].

The Board of Directors and executive leadership remain focused on sustainable growth, prudent balance sheet management, and continued investment in research and development to support the company's long-term competitive position.

Key Takeaways

• Revenue increased 20.4% year-over-year to $69.1 million.

• Net income increased 19.2% year-over-year to $9.3 million.

• Operating margin expanded by 140 basis points to 18.6%.

• Cash and cash equivalents remained strong at $21.4 million at year-end.

[1] Growth rate calculated on a constant-currency basis using unaudited management figures.
[2] Cost-efficiency initiatives include procurement consolidation and facility optimization programs launched in Q2 FY2025.

2. Financial Highlights

The table below summarizes ACME Corp's key financial metrics for fiscal years 2023 through 2025[3]. All figures are presented in millions of U.S. dollars unless otherwise noted.

Metric	FY2023	FY2024	FY2025
Total Revenue	$50.2M	$57.4M	$69.1M
Gross Profit	$22.6M	$26.7M	$33.4M
Operating Income	$7.9M	$9.9M	$12.9M
Net Income	$6.1M	$7.8M	$9.3M
Operating Margin	15.9%	17.2%	18.6%
Diluted EPS	$1.12	$1.41	$1.67

Table 1. Five-Year Financial Highlights (USD millions, except per-share data).

Growth was broad-based across product lines, with the industrial products segment contributing approximately 62% of total revenue and the services segment contributing the remainder. Management believes the current growth trajectory is sustainable given the company's expanding customer base and healthy order backlog.

[3] Figures for FY2023 and FY2024 are derived from audited financial statements; FY2025 figures are unaudited and subject to change upon completion of the annual audit.

3. Revenue Analysis

Quarterly revenue trends over the past two fiscal years show meaningful growth overall, though performance varied from quarter to quarter. Fiscal year 2025 revenue dipped slightly below the prior year in the second quarter before rebounding sharply in the third and fourth quarters[4]. The fourth quarter of fiscal year 2025 was particularly strong, benefiting from seasonal demand and the launch of a new product line in October.

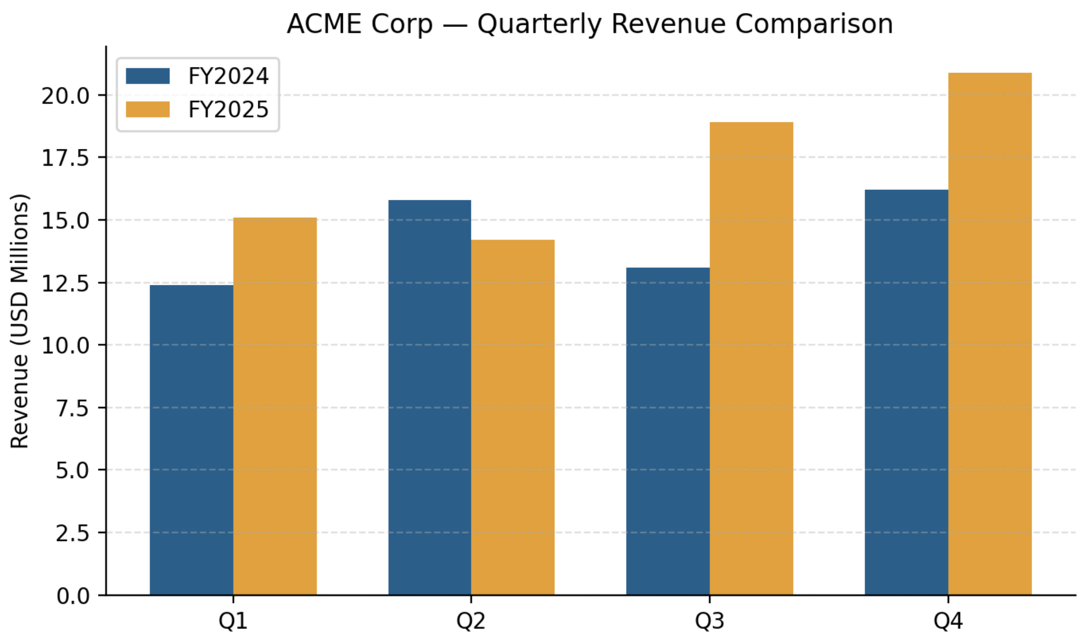

Figure 1. Quarterly revenue comparison, FY2024 vs. FY2025 (USD millions).

Management expects continued sequential growth into fiscal year 2026, though the pace of growth may moderate as year-over-year comparisons become more difficult.

[4] Quarterly figures are unaudited and may not sum exactly to annual totals due to rounding.

4. Income Statement Trend

The chart below presents the five-year trend in net income alongside operating margin, demonstrating consistent profitability improvement driven by operating leverage and disciplined expense management[5].

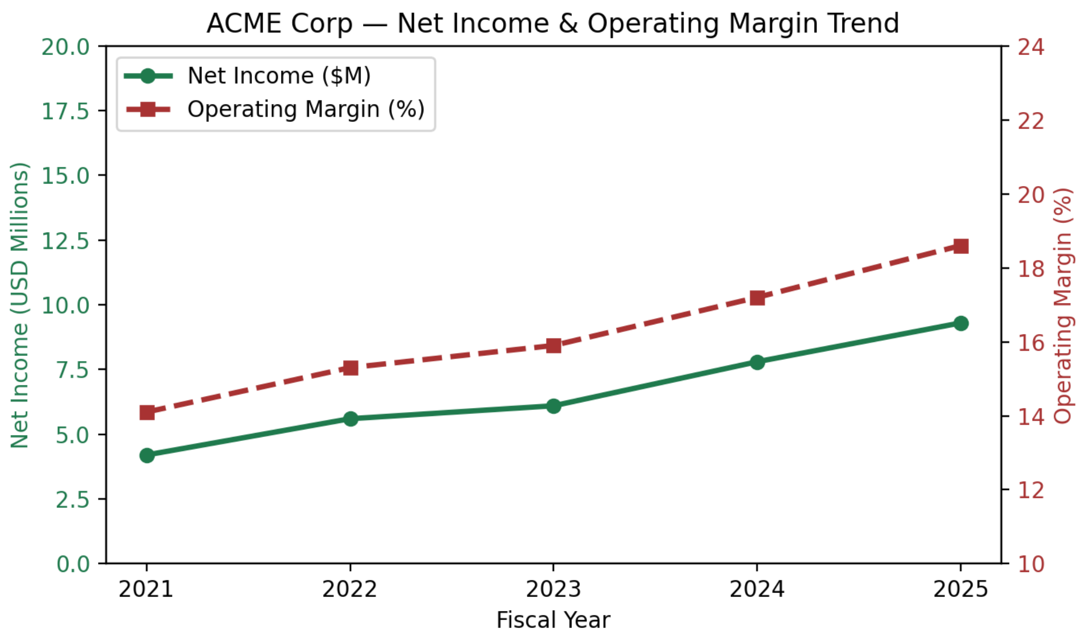

Figure 2. Net income and operating margin trend, FY2021–FY2025.

Operating margin has expanded in each of the last four fiscal years, a trend management attributes to improved manufacturing efficiency, a favorable product mix shift toward higher-margin services, and economies of scale as the business has grown.

[5] Operating margin defined as operating income divided by total revenue.

5. Balance Sheet Summary

ACME Corp's balance sheet remains healthy, with strong liquidity and a conservative debt profile as of fiscal year-end 2025[6].

Balance Sheet Item	FY2024	FY2025
Cash and Cash Equivalents	$17.8M	$21.4M
Total Current Assets	$34.6M	$41.2M
Total Assets	$58.9M	$68.7M
Total Current Liabilities	$14.2M	$16.5M
Total Long-Term Debt	$9.5M	$8.1M
Total Liabilities	$26.1M	$27.9M
Total Shareholders' Equity	$32.8M	$40.8M

Table 2. Condensed Balance Sheet Summary (USD millions).

The company reduced long-term debt by $1.4 million during the year while growing shareholders' equity by 24.4%, reflecting retained earnings growth and no share repurchases during the period.

[6] Balance sheet figures as of December 31 of the respective fiscal year; FY2025 figures are unaudited.

6. Cash Flow Overview

Cash flow from operations continued to strengthen in fiscal year 2025, providing the company with ample resources to fund capital expenditures, service debt, and invest in growth initiatives[7].

Cash Flow Category	FY2024	FY2025	$ Change	% Change
Net Cash from Operating Activities	$10.6M	$13.9M	+$3.3M	+31.1%
Net Cash used in Investing Activities	($4.1M)	($5.6M)	-$1.5M	+36.6%
Net Cash used in Financing Activities	($2.3M)	($4.7M)	-$2.4M	+104.3%
Net Change in Cash	$4.2M	$3.6M	-$0.6M	-14.3%

Table 3. Condensed Cash Flow Summary (USD millions).

Investing activities primarily reflected continued capital expenditure on manufacturing capacity, while financing activities included scheduled debt repayments and dividend distributions to shareholders.

[7] Amounts in parentheses represent net cash outflows.

7. Risk Factors

As with any business, ACME Corp's future performance is subject to a variety of risks and uncertainties, including but not limited to those described below[8].

Market Competition

The company operates in a competitive industry and faces pricing and innovation pressure from both established competitors and new entrants.

Supply Chain Dependency

ACME Corp relies on a limited number of suppliers for certain key raw materials, and disruptions could adversely affect production schedules.

Interest Rate Sensitivity

A portion of the company's outstanding debt carries a variable interest rate, exposing the company to fluctuations in borrowing costs.

Regulatory Environment

Changes in trade policy, environmental regulation, or labor law in the jurisdictions where the company operates could increase compliance costs.

[8] This is not an exhaustive list of risk factors. Additional risks not presently known, or currently deemed immaterial, may also adversely affect the company.

8. Notes & Disclosures

This report has been prepared for illustrative purposes and does not constitute an offer to sell or a solicitation of an offer to buy any securities. ACME Corp, as referenced in this document, is a fictional entity, and all financial data, figures, and narrative statements contained herein are entirely synthetic and created for demonstration purposes only[9].

Forward-looking statements in this report, including those regarding anticipated future revenue, margin trends, and growth expectations, are based on hypothetical assumptions and should not be relied upon for any investment or business decision.

Preparer Notes

Note	Description
Basis of Presentation	Figures presented on a fictional, illustrative basis only.
Currency	All amounts stated in United States Dollars (USD).
Rounding	Totals may not sum precisely due to rounding.
Audit Status	FY2025 figures are unaudited as of the report date.

Table 4. Preparer Notes and Basis of Presentation.

[9] No portion of this report may be reproduced or distributed outside of its intended illustrative context.

Notes from the CFO's Desk

Jan 14, 2026

First look at the full-year numbers — really proud of what the team pulled off this year.

Jan 22, 2026

Reviewed the margin trend again with finance — the Q4 push made a real difference.

Feb 3, 2026

Board seemed pleased in the pre-read call. A couple of questions on the debt paydown pace.

Feb 10, 2026

Final sign-off. Thank you to everyone who pulled this report together — onward to FY2026!

— Morgan Ellis, Chief Financial Officer, ACME Corp