Apex Instruments

THE QUARTER IN ONE LINE

Revenue grew 5.3 percent, and margin fell 1.3 points, because we sold more of the cheapest line at a bigger discount.

NET REVENUE
$2,288,695
Up 5.3 percent on Q2 2026, which closed at $2,174,000. Sixth consecutive quarter of growth.

GROSS MARGIN
50.6%
Down 1.3 points from 51.9 percent in Q2 2026. $1,157,833 in dollars, up 2.7 percent.

UNITS SHIPPED
1,365
Up 9.4 percent on 1,248 in Q2 2026, across 381 orders. Revenue per unit $1,677.

WHAT HAPPENED

Growth is real, and it is coming from the wrong end of the price list

Net revenue reached **$2,288,695**, the sixth quarter of growth in a row and the largest quarter Apex has recorded. Two lines drove it. Atlas Care Plus renewals came in at $817,205, which is 35.7 percent of net revenue and the largest single line in the business. Meridian Field Kit shipped 343 units, more than any other product, on the back of the summer bundle.

Units grew faster than revenue: **up 9.4 percent against 5.3 percent**. Revenue per unit fell from $1,742 to $1,677, a drop of $65 or 3.7 percent. That gap is the whole story of the quarter. We are selling more boxes, and each box carries less.

Margin fell for two reasons that compound. Mix moved toward the Field Kit, which returns **32.5 percent** against a 40 percent floor, and away from Meridian Pro, which returns 42.0 percent. At the same time the average discount rose from 2.9 percent to **3.8 percent** of gross, worth $89,740 in the quarter. Neither move was approved as policy. Both happened one deal at a time.

Operationally the quarter was clean apart from the close. Of the 400 order rows in the September export, **19 could not be imported**: required fields were empty, three order ids arrived twice, and two quantities were negative. Every one was corrected by hand before this summary was written, which is why the close took two days longer than it should have.

WHAT WE ARE DOING ABOUT IT

Three actions, with an owner and a date

1. **Put an approval step on any discount above 8 percent**
   Below 8 percent stays with the account manager. Above it needs the COO, in writing, before the quote goes out. Applies to every line including renewals.
   OWNER: DANA WHITFIELD — DUE: OCTOBER 15, 2026

2. **Bring the Meridian Field Kit back above the 40 percent floor**
   Either raise the list price from $1,240 to $1,340 for January 1, 2027, or take $60 out of the standard cost through the second source. Operations to price both and recommend one.
   OWNER: MORGAN REYES — DUE: NOVEMBER 3, 2026

3. **Make the four required fields required at order entry**
   Order id, order date, product and quantity cannot be left blank or duplicated at entry. One week of work on the order desk form, and the close stops needing a manual pass.
   OWNER: AVERY KELLEN — DUE: OCTOBER 31, 2026

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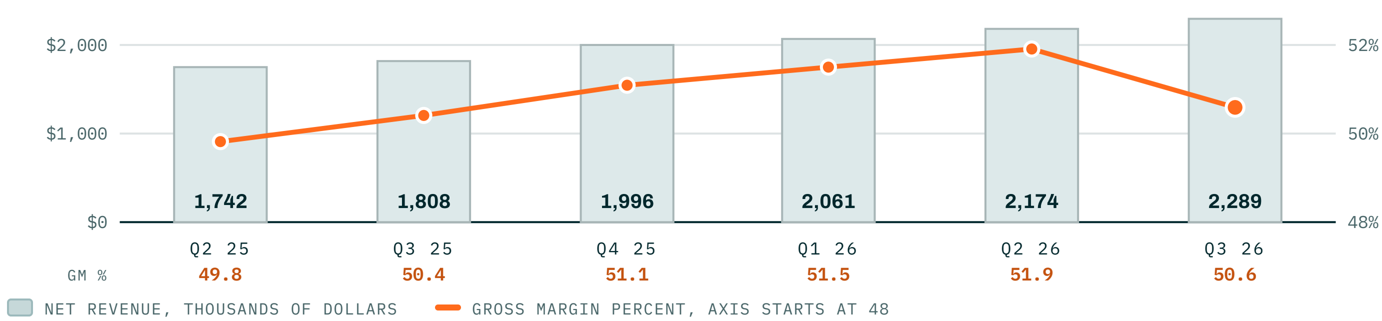
THE FIVE BUSINESS LINES

Where the quarter came from

BUSINESS LINE	NET REVENUE	UNITS	GROSS MARGIN	MARGIN
Atlas Care Plus ANNUAL PLAN, RENEWS IN Q1	**$817,205**	472	$606,221	**74.2%**
Meridian Bench	**$486,649**	104	$184,009	**37.8%**
Meridian Pro	**$456,699**	61	$191,654	**42.0%**
Meridian Field Kit BELOW THE 40 PERCENT FLOOR	**$409,733**	343	$133,275	**32.5%**
Field services CALIBRATION AND ON-SITE TRAINING	**$118,409**	385	$42,674	**36.0%**
All lines, Q3 2026	**$2,288,695**	**1,365**	**$1,157,833**	**50.6%**

SIX QUARTERS

Revenue keeps climbing, margin just turned



RISKS AND WATCH ITEMS

Five things worth a second look

HIGH **The Field Kit is the fastest growing line and the weakest one.** 343 units at 32.5 percent margin. Every incremental unit dilutes the blended rate.

MEDIUM **Atlas Care Plus is 35.7 percent of net revenue and renews annually.** The Q1 renewal window carries more of this business than any single quarter should.

LOW **On-site training returns 31.3 percent.** It is the smaller half of field services and the lowest margin thing Apex sells. Worth repricing at the next list revision.

HIGH **Discounting is drifting without a policy.** 3.8 percent of gross against 2.9 percent in Q2, worth $89,740. Two of the five lines account for most of it.

MEDIUM **The order book does not close cleanly.** 19 of 400 rows failed validation in September. Until entry is fixed, every close needs a manual pass and a second reader.

DECISIONS NEEDED

Three signatures, this month

1. Approve the 8 percent discount approval threshold

RECOMMEND Approve as written, effective October 15, 2026. No change to list prices.

IF DELAYED About **$21,400 of margin a quarter**, and the drift keeps setting the norm.

APPROVED BY ____ DATE ____

2. Choose the Field Kit fix: price up, or cost down

RECOMMEND Raise list to $1,340 on January 1, 2027. The second source saves less.

IF DELAYED About **$30,600 a quarter** at the current run rate, growing with the line.

APPROVED BY ____ DATE ____

3. Fund one week of work on the order entry form

RECOMMEND Approve. Four required fields and a duplicate check on order id.

IF DELAYED About six hours of manual rework at every close, and a close nobody can sign.

APPROVED BY ____ DATE ____