GREENTARGET

EXECUTIVE FINANCIAL REPORTING

# Sales grew. Cash fell.

An owner-level explanation of profit and cash

| December movement | USD |
|---|---|
| Sales increase | +$12,000 |
| Profit before tax | -$3,800 |
| Cash movement | -$23,300 |

December versus November 2024
Fictional reporting example

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# Revenue growth did not protect the month’s profit

Sales rose 10%, but a weaker product margin and higher operating expenses reduced profit.

| Measure | November | December |
|---|---|---|
| Net revenue | $120,000 | $132,000 |
| Gross margin | 52.5% | 50.0% |
| Operating expenses | $54,000 | $60,800 |
| Profit before income tax | $8,500 | $4,700 |

Product gross margin includes landed product costs. Fees, fulfillment and advertising sit below gross profit. No income tax provision is modeled.

Fictional demonstration • 05 / 02 • USD

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# The profit bridge separates the movements

The revenue increase helps, but it does not cover the combined margin and expense changes.

| December versus November | Profit effect |
|---|---|
| Revenue gain at November gross margin | +$6,300 |
| Lower gross margin rate | -$3,300 |
| Higher operating expenses | -$6,800 |
| Total profit movement | -$3,800 |

This decomposition identifies where profit moved. SKU quantities and costs are needed to explain the cause of the margin change.

# Working capital and owner activity explain the cash decline

Positive accrual profit coexists with negative operating cash flow.

| December cash bridge | USD |
|---|---|
| Profit plus depreciation | $5,700 |
| Inventory and clearing increases | ($22,000) |
| AP increase less accrual decrease | $5,000 |
| Operating cash flow | ($11,300) |
| Distributions and loan principal | ($12,000) |
| Net cash movement | ($23,300) |

Cash falls from $50,000 to $26,700. Owner distributions and principal repayments affect cash without reducing profit.

# The report ends with decisions and evidence gaps

I connect the underlying accounting to what the owner needs to understand next.

| | |
|---|---|
| **Product and channel contribution** | Review SKU costs and campaign contribution before expanding advertising. |
| **Inventory commitments** | Compare aging, sell-through and open orders before replenishment. |
| **Cash and withdrawals** | Review upcoming payments and settlements before agreeing distributions. |

No forecast, campaign attribution or actual client result is claimed. The deliverable is a fictional executive report with a traceable supporting workbook.