Q3 FY2026 budget vs actual (internal)

Fictional sample · Harbor Tools Co. · amounts in $K

Internal management report · Prepared by FP&A · Data as of Q3 close, day 5. Company and figures are invented.

Operating income was $105K, $245K below budget

Q3 FY2026 · $K · variance = actual - budget

4,560	59.0%	2,585	105
REVENUE	GROSS MARGIN	OPERATING EXPENSES	OPERATING INCOME
-240 vs budget (-5.0%)	-1.0 pt vs 60.0% budget	+55 vs budget (+2.2%)	-245 vs budget (-70.0%)

Revenue missed budget by 5.0%, driven by volume

Revenue bridge · Q3 FY2026 · $K

STEP	$K	RUNNING TOTAL
Budgeted revenue	4,800	4,800
Volume: fewer units shipped	-310	4,490
Price and mix: richer product mix	+70	4,560
Actual revenue	4,560	Ties to GL

Gross margin slipped one point, to 59.0%

Q3 FY2026 · $K · (F) favorable, (U) unfavorable

LINE	BUDGET	ACTUAL	VARIANCE	VAR %
Revenue	4,800	4,560	-240 (U)	-5.0%
Cost of goods sold	1,920	1,870	-50 (F)	-2.6%
Gross profit	2,880	2,690	-190 (U)	-6.6%
Gross margin	60.0%	59.0%	-1.0 pt (U)	

Opex ran $55K over budget, led by S&M

Q3 FY2026 · $K · (F) favorable, (U) unfavorable

LINE	BUDGET	ACTUAL	VARIANCE	VAR %
Sales and marketing	1,150	1,210	+60 (U)	+5.2%
Research and development	820	790	-30 (F)	-3.7%
General and administrative	560	585	+25 (U)	+4.5%
Total operating expenses	2,530	2,585	+55 (U)	+2.2%
Operating income	350	105	-245 (U)	-70.0%

Lower revenue drove most of the gap

Operating income bridge · Q3 FY2026 · $K

STEP	IMPACT, $K	DETAIL
Budgeted operating income	350	Slide 5
Revenue shortfall	-240	Volume -310, price and mix +70
Lower cost of goods sold	+50	1,920 budget vs 1,870 actual
Higher operating expenses	-55	S&M -60, R&D +30, G&A -25
Actual operating income	105	Ties to slide 5

Adjusted operating income was $185K

Reconciliation to the reported figure · Q3 FY2026 · $K

LINE	$K	DEFINITION
Operating income (management accounts)	105	As reported on slide 5
Add back: stock-based compensation	48	Non-cash equity expense
Add back: one-time restructuring cost	32	Q3 team consolidation
Adjusted operating income	185	Same definition every period

Q4 risks and what we are changing

- Volume: the Q3 miss came from fewer units shipped
- Action: weekly Q4 pipeline review (owner: VP Sales)

- Sales and marketing: Q3 spend ran 60 over budget
- Action: Q4 spend above budget needs CFO approval

Decision requested

Hold Q4 sales and marketing spend at budget

Any spend above the Q4 budget would need CFO approval in advance.

Appendix: source tie-out log

SLIDE FIGURE	SOURCE REPORT	SOURCE VALUE ($K)	ON SLIDE	CHECKED BY
Revenue, actual	GL trial balance, Q3 close day 5	4,560.4	4,560	Analyst, controller
Revenue, budget	FY2026 approved budget v3	4,800.0	4,800	Analyst
S&M, actual	GL by department	1,209.7	1,210	Analyst
Stock-based comp.	Payroll and equity schedule	48.2	48	Controller

Appendix: definitions and conventions

- Variance = actual - budget
- Revenue and profit: negative variance is unfavorable
- Costs: positive variance is unfavorable
- Gross margin = gross profit / revenue
- All amounts $K, Q3 FY2026; may not sum due to rounding