

Comparative Profit Margin Calculation Document

Overview

This document presents a comparative analysis of profit margins for Company A and Company B over two fiscal years. The calculations highlight each company’s gross profit, net profit, and respective profit margins, facilitating informed decision-making.

Profit Margin Comparison Table

Company	Year	Total Revenue	Gross Profit	Net Profit	Gross Margin (%)	Net Margin (%)
Company A	2022	1,200,000	550,000	300,000	45.8	25.0
Company A	2023	1,350,000	640,000	370,000	47.4	27.4
Company B	2022	1,100,000	470,000	220,000	42.7	20.0
Company B	2023	1,200,000	520,000	260,000	43.3	21.7

Calculation Formulas

- Gross Margin (%)** = (Gross Profit / Total Revenue) × 100
- Net Margin (%)** = (Net Profit / Total Revenue) × 100

Important Notes

- Comparative profit margin analysis helps evaluate operational efficiency and profitability trends across periods and companies.
- Results may be affected by differences in accounting policies and expense categorization.
- It is important to consider industry benchmarks for meaningful interpretation.
- All figures should be verified for accuracy before making financial decisions.
- This document should be complemented with other financial metrics and qualitative factors.