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ANALYSIS OF LIQUIDITY, SOLVENCY, ACTIVITY, AND PROFITABILITY RATIOS TO MEASURE FINANCIAL PERFORMANCE AT PT ENVY TECHNOLOGIES INDONESIA TBK FOR THE PERIOD 2016–2024

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Abstract

This study aims to analyze the financial performance of PT Envy Technologies Indonesia Tbk over the period 2016–2024 through a comprehensive financial ratio analysis consisting of liquidity, solvency, activity, and profitability indicators. The research employs a descriptive quantitative method using secondary data derived from the company's financial statements. The objective is to assess the company's ability to meet its short- and long-term obligations, utilize assets efficiently, and generate sustainable profits in a competitive technological environment. The results show that the company's liquidity ratio declined sharply after 2020, reflecting weakened short-term solvency. Solvency ratios indicate increasing debt dependency and negative equity, while activity and profitability ratios reveal operational inefficiency and unstable profit generation. The findings suggest that PT Envy Technologies must restructure its capital, reduce debt exposure, and improve cost efficiency to enhance long-term financial sustainability.

Keywords: Financial Performance, Liquidity, Solvency, Activity, Profitability, Financial Ratios

Introduction

Financial performance serves as a crucial indicator of a company's ability to manage resources effectively and achieve financial goals. According to Brigham and Houston (2018), economic performance reflects how efficiently management generates profit and maintains stability under internal and external pressures. In the dynamic and competitive landscape of Indonesia's technology industry, firms must maintain balanced liquidity, solvency, operational efficiency, and profitability to ensure long-term survival.

PT Envy Technologies Indonesia Tbk is an information technology and communication company that has undergone significant financial fluctuations from 2016 to 2024. These fluctuations provide a valuable context for assessing its economic resilience and management effectiveness. This research seeks to comprehensively analyze the firm's financial performance through ratio analysis, enabling a deeper understanding of its strengths, weaknesses, and economic stability.

This paper contributes to financial management literature by applying classical ratio analysis to a modern digital technology firm. The results are expected to offer practical recommendations for improving financial management practices, particularly in capital structure optimization and operational efficiency.

Theoretical Framework

Financial ratio analysis is one of the most common tools for evaluating a company's financial condition and performance. According to Kasmir (2019), ratios are analytical tools that relate key figures from financial statements to assess liquidity, solvency, efficiency, and profitability.

- **Liquidity ratios** measure a firm's ability to fulfill short-term obligations. A higher ratio indicates stronger short-term solvency.
- **Solvency ratios** reflect long-term financial stability. Gitman (2015) emphasizes that excessive debt financing may increase financial risk and restrict operational flexibility.
- **Activity ratios** evaluate how efficiently a firm utilizes assets to generate revenue. Brigham and Ehrhardt (2017) explain that higher asset turnover signals effective resource utilization.
- **Profitability ratios** assess the firm's capability to generate profit, which ultimately determines its long-term viability and investor attractiveness.

A company's financial health depends on maintaining balance among these ratios. Excessive leverage, weak liquidity, or declining profitability may disrupt stability and lower investor confidence (Brigham & Houston, 2018).

Method

This research applies a **quantitative descriptive approach** based on secondary financial data from PT Envy Technologies Indonesia Tbk covering the years 2016–2024. The data were obtained from the company's official financial reports and analyzed using the following standard formulas:

1. **Current Ratio (CR)** = Current Assets / Current Liabilities × 100%
2. **Debt to Equity Ratio (DER)** = Total Debt / Total Equity × 100%
3. **Total Asset Turnover (TATO)** = Net Sales / Total Assets × 100%
4. **Gross Profit Margin (GPM)** = Gross Profit / Net Sales × 100%

Data interpretation was conducted using trend analysis to identify performance patterns, assess financial stability, and evaluate management effectiveness across the study period.

Results

1. Rasio liquidity

Tabel 1.1

Idikator Current Ratio PT Envy Technologies Indonesia Tbk

Tahun 2016-2024

(Dalam jutaan Rupiah)

Tahun	Aktiva Lancar	Hutang Lancar	CR
2016	Rp1.202	Rp774	155,27%
2017	Rp7.841	Rp1.711	458,26%
2018	Rp141.350	Rp59.546	237,38%
2019	Rp277.770	Rp79.514	349,33%
2020	Rp156.551	Rp47.247	331,35%
2021	Rp30.113	Rp42.744	70,45%
2022	Rp16.032	Rp46.195	34,71%
2023	Rp13.657	Rp57.272	23,85%
2024	Rp13.648	Rp65.064	20,98%

Sumber : Data Yang Diolah

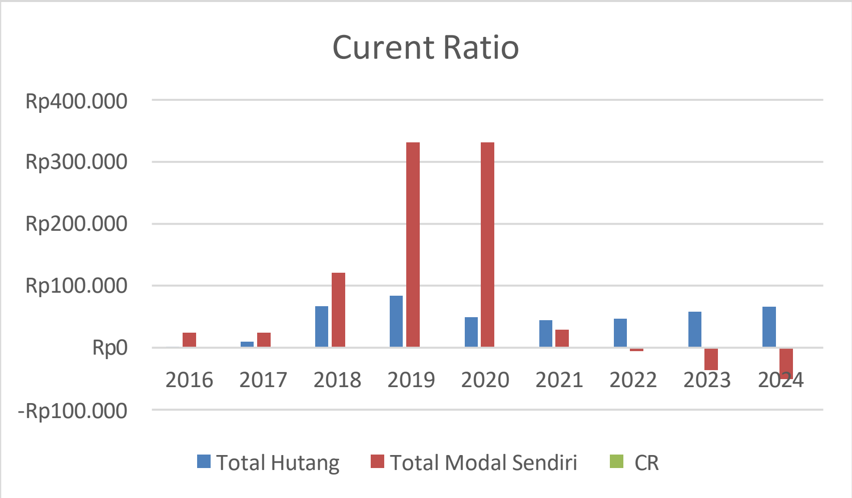

Figure 2.1 Current Ratio

The company's liquidity was strong from 2016 to 2020 but deteriorated sharply afterward. As Kasmir (2019) states, a ratio below 100% indicates liquidity distress. PT Envy's declining CR since 2021 demonstrates its inability to maintain sufficient working capital, reflecting poor cash flow and asset management efficiency.

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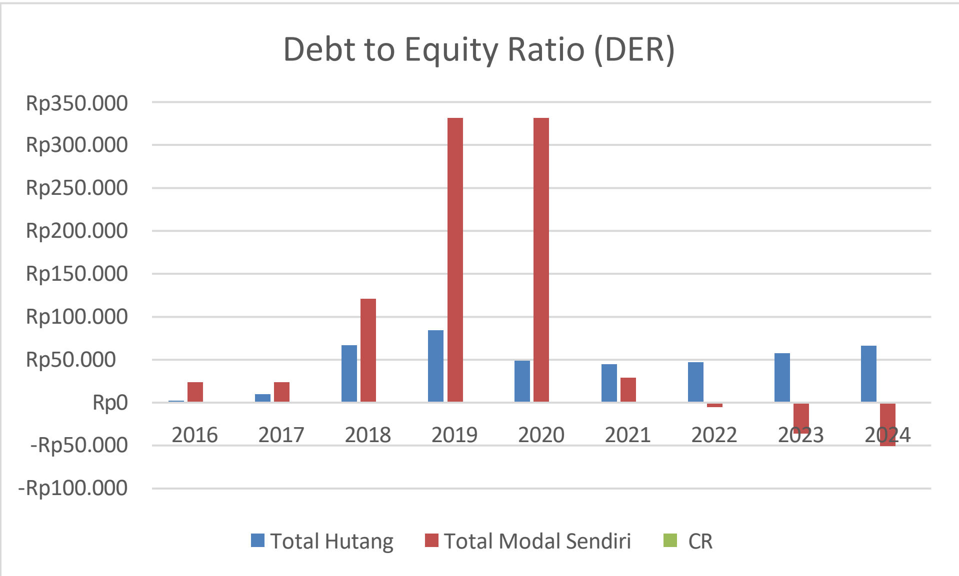
2. Rasio Solvabilitas

Tabel 1.2
Indikator Debt To Equity Rasio PT Envy Technologies Indonesia Tbk
Tahun 2016-2024
(In Million Rupiah)

Tahun	Total Hutang	Total Modal Sendiri	CR
2016	Rp1.787	Rp23.996	7,45%
2017	Rp9.552	Rp23.996	39,68%
2018	Rp66.850	Rp120.762	55,36%
2019	Rp83.875	Rp330.880	25,35%
2020	Rp48.461	Rp330.880	14,65%
2021	Rp44.235	Rp28.893	153,10%
2022	Rp46.798	-Rp5.272	-887,70%
2023	Rp57.347	-Rp35.649	-160,78%
2024	Rp66.416	-Rp50.146	-132,45%

Sumber : Data Yang Diolah



Figur 2.2 Debt to Equity

From 2021 onward, the company experienced negative equity, indicating accumulated losses exceeding shareholders' capital. Gitman (2015) warns that this situation signals financial distress and high bankruptcy risk. PT Envy's solvency structure shows excessive leverage and poor retained earnings management, implying unsustainable debt levels.

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3. Rasio Aktivitas

Tabel 1.3

Indikator Debt Assets Turn Over Ratio PT Envy Technologies Indonesia Tbk Tahun 2016-2024
(Dalam jutaan Rupiah)

Tahun	penjualan	Total Aktiva	CR
2016	Rp3.864	Rp2.702	142,99%
2017	Rp4.783	Rp9.037	52,93%
2018	Rp11.118	Rp170.647	6,52%
2019	Rp37.655	Rp400.302	9,41%
2020	-Rp19.970	Rp323.550	-6,17%
2021	Rp35.886	Rp66.962	-53,59%
2022	Rp17.137	Rp35.360	-48,46%
2023	Rp18.547	Rp15.431	-120,19%
2024	Rp12.028	Rp16.271	-73,93%

Sumber : Data Yang Diolah

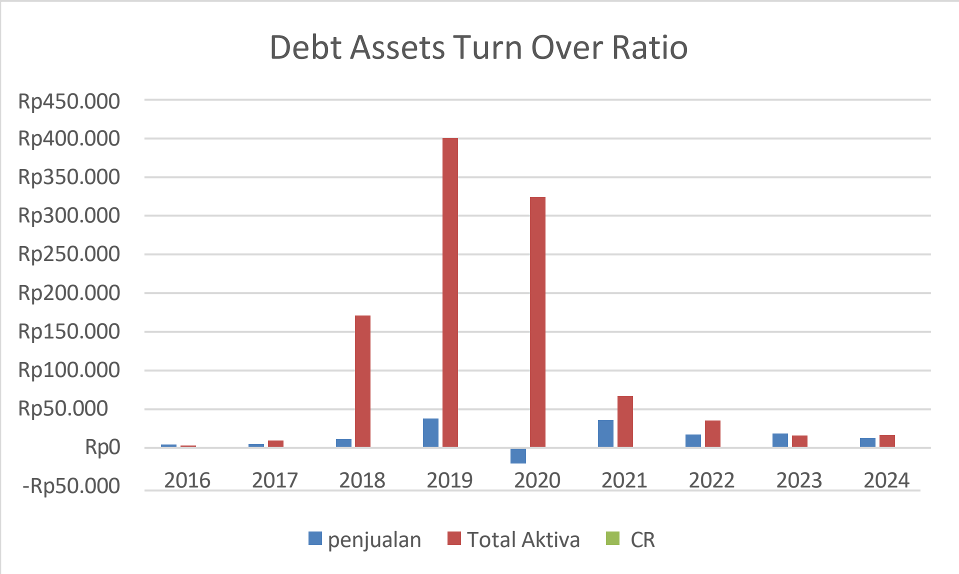

Figure 2.3 Debt Assets Turn Over Ratio

The Total Asset Turnover ratio shows a steep decline after 2019, with negative values reflecting operational inefficiency. Brigham and Ehrhardt (2017) explain that a persistent fall in asset turnover suggests underutilized assets or weak revenue generation. For PT Envy, it implies that expansion of asset base was not matched by proportional sales growth.

4. Rasio Probabilitas

Tabel 1.4

Idikator Gross Profit Margin PT Envy Technologies Indonesia Tbk Tahun 2016-2024
(Dalam jutaan Rupiah)

Tahun	penjualan	Total Aktiva	CR
2016	Rp3.864	Rp2.702	142,99%
2017	Rp4.783	Rp9.037	52,93%
2018	Rp11.118	Rp170.647	6,52%
2019	Rp37.655	Rp400.302	9,41%
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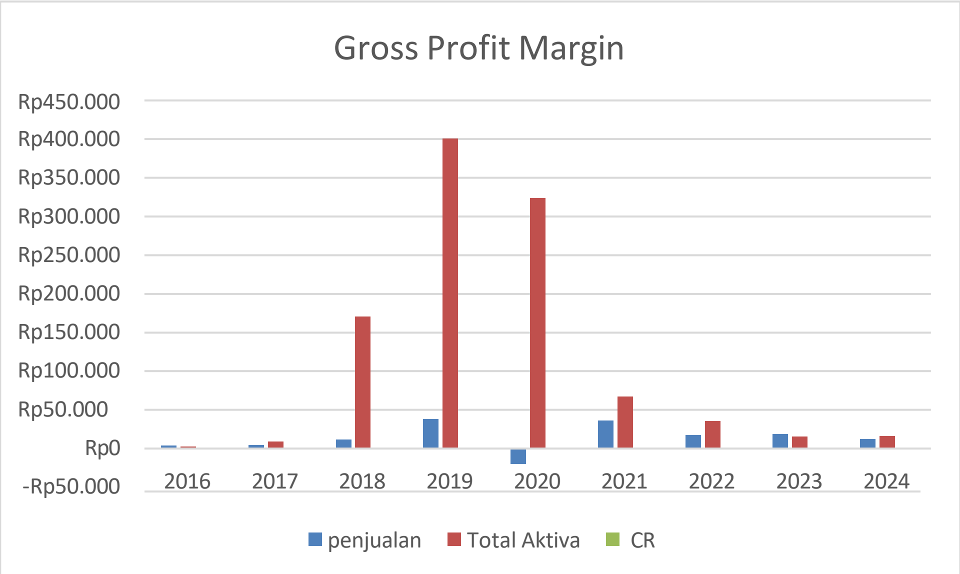

Figure 2.4 Gross Profit Margin Rasio

The GPM fluctuated severely, turning negative between 2020 and 2023 due to operating losses. Kasmir (2019) notes that declining margins signify poor cost control and reduced competitiveness. Although profitability rebounded slightly in 2024, it remains unstable, indicating a fragile recovery.

Discussion

Overall, PT Envy Technologies Indonesia Tbk displayed volatile and deteriorating financial performance during 2016–2024. Liquidity and solvency weaknesses dominated, especially after 2020, when equity turned negative. Consistent with Brigham and Houston (2018), a sound capital structure requires balance between debt and equity; PT Envy's overreliance on debt increases financial vulnerability.
The company's activity ratio reveals inefficiency in utilizing total assets, likely due to misaligned investment strategies or declining market share. Furthermore, profitability ratios confirm operational losses, highlighting poor cost management and diminishing market competitiveness.
To achieve long-term financial sustainability, PT Envy must:

1. Restructure its capital to reduce leverage,
2. Optimize asset utilization to increase turnover,
3. Strengthen liquidity through better cash management, and
4. Implement strict cost-control mechanisms to restore profitability.

Conclusion

The financial performance of PT Envy Technologies Indonesia Tbk from 2016 to 2024 was unstable, characterized by weakening liquidity, deteriorating solvency, declining efficiency, and inconsistent profitability. Negative equity and fluctuating profit margins reflect serious structural imbalances. The company must implement financial restructuring, improve operational efficiency, and pursue a more conservative debt policy to enhance overall stability and investor confidence.

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