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THE EFFECT OF CAPITAL STRUCTURE AND OPERATING COST EFFICIENCY ON THE PROFIT OF PT ACE HARDWARE INDONESIA TBK FROM 2015-2024

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Abstract

This study aims to analyze the effect of capital structure and operational cost efficiency on the business profits of PT Ace Hardware Indonesia Tbk during the period 2015-2024. This study is a quantitative study with a correlational descriptive research design. Secondary data were obtained from the annual financial reports of PT Ace Hardware Indonesia Tbk published by the Indonesia Stock Exchange. Data analysis was performed using classical assumption tests, multiple linear regression analysis, t-tests, F-tests, and the coefficient of determination (R^2) with the help of SPSS version 27. Sample selection used purposive sampling, where certain criteria had to be met. The results showed that partially and simultaneously, capital structure (DER) and operating cost efficiency (BOPO) did not have a significant effect on operating profit. These findings indicate that operating profit is influenced by other factors. Thus, companies are advised to maintain a balanced capital structure and improve cost efficiency to strengthen their financial performance in the future.

Keywords: **Debt to Equity Ratio (DER), Operating Expenses to Operating Income (BOPO), operating profit, capital structure, operating cost efficiency**

Introduction

The retail industry in Indonesia is currently experiencing rapid growth and continues to undergo dynamic changes. One such company is PT Ace Hardware Indonesia Tbk, known as a pioneer and the most comprehensive home improvement and lifestyle center in Indonesia. The company is highly attractive to consumers because it offers a wide selection of products at a wide range of prices. In addition to household items, Ace Hardware also sells a variety of lifestyle products such as automotive supplies, furniture, sports equipment, and home electronics.

In carrying out its operational activities, the company uses various sources of capital and manages operating costs efficiently to increase business profits. During the course of their daily operations, the company needs to pay attention to important elements in financial management to meet its funding needs. The company's funding needs are used to carry out its operations and business development.

According to (Theresea 2012, cited in Corrina & Melliofatria, 2023), companies tend to choose to use their own (internal) capital as permanent capital rather than foreign (external) capital if the company does not have sufficient funds to meet its needs.

The company wants to earn as much profit as possible to increase the value or profit of the company, which benefits shareholders. One way to do this is to use interest from debt, which is considered an operating expense because it can be used as a deduction in calculating income. This results in a reduction in taxable income, thereby reducing the amount of income tax the company has to pay.

Capital structure describes how a company's total debt and equity are related. This ratio is generally measured by the Debt to Equity Ratio (DER). DER shows the extent to which a company is financed by debt compared to equity. A higher DER indicates that the company is more dependent on debt, which can increase financial risk as well as the interest burden that must be borne. Therefore, determining the optimal capital structure is an important factor in maintaining the company's financial stability and profits (Brigham, E., & Houston, 2019).

Capital structure relates to how a company uses long-term funds, particularly when measuring the ratio between long-term debt and capital itself. As such, capital structure encompasses all long-term financing used for company funding activities, whether from debt or equity. This component is an important part of the financial structure that helps companies make decisions related to financing the value of the company. Therefore, company decisions regarding capital structure are often taken into consideration in order to support the overall value of the company.

In addition to capital structure, operational cost efficiency also plays an important role in determining profit performance. This efficiency can be seen through BOPO (Operating Costs to Operating Income), which is the ratio between total operating costs and operating income. A low BOPO ratio indicates that the company is able to manage costs efficiently to generate revenue. Conversely, a high BOPO ratio indicates that most of the revenue is used to cover operating costs, thereby reducing business profits (Kasmir, 2017).

In modern retail sectors such as PT Ace Hardware Indonesia Tbk, the level of debt usage tends to be lower than in the manufacturing industry because its operational activities are mostly financed by its own capital and internal cash flow. Therefore, efficiency in managing operational costs is a major factor that affects the company's ability to maintain its operating profit. Given these conditions, it is important to examine the extent to which capital structure (DER) and operational cost efficiency (BOPO) affect a company's operating profit.

Based on the background description above, this study aims to analyze the effect of capital structure (DER) on operating profit, analyze the effect of operational cost efficiency (BOPO) on operating profit, and determine the simultaneous effect of both on the operating profit of PT Ace Hardware Indonesia Tbk.

This research is important because there is still limited research in the modern retail sector, especially research that focuses on business profits as an indicator of profitability. The results of this research are expected to contribute to the development of financial management science and serve as a reference for companies in determining effective financing and cost control strategies.

Theoretical Framework

Capital Structure

The term "capital structure" describes how a company's money is distributed according to the percentage of different funding sources that are utilized to support its operations and investments. Specifically, capital structure describes the ratio between funds sourced from debt or creditors and funds sourced from owners' equity. In addition, capital structure is usually measured using several indicators, such as leverage, debt to equity ratio, and collateralizable assets.

Essentially, capital structure policy is closely related to a company's decisions regarding the selection of funding sources and capital investments to be used. These decisions must be aligned with the company's objectives, which are to enhance shareholder welfare through company value (Binangkit & Raharjo, 2014).

According to Riyanto (2008:296, quoted in dalam Muliana, 2021) The equilibrium between long-term debt and equity capital is known as the capital structure. Long-term debt serves as external funding with a term of more than one year, while equity capital is permanent funding that comes from shareholders or investors (Manoppo & Arie, 2016).

Thus, a healthy capital structure must be able to balance the risks associated with debt and the potential returns expected from equity.

By comparing total debt to shareholders' equity, the Debt to Equity Ratio (DER) is calculated. This implies that a company's DER value will be greater than one if its total debt exceeds its equity. A situation like this suggests that the business's operations are funded mostly by debt rather than equity. Because a greater ratio indicates a larger share of debt and a higher level of financial risk for the company, investors often favor companies with a DER number below one.

Operational Cost Efficiency

Efficiency refers to the effort to achieve goals by making optimal use of available resources. One of the main objectives of a company is to make a profit to ensure its operational sustainability. A business is considered financially efficient if it is able to reduce production costs in order to generate the greatest profit (Mustika et al., 2023 dikutip dalam Fitri & Salsabilla, 2024).

The level of cost efficiency relative to revenue can be calculated using the operating cost ratio. The higher a company's operating cost ratio percentage, the lower its operational efficiency in managing operating costs, which ultimately leads to a decline in revenue.

Operating Costs

According to (Muria, 2018) whose research found that operating costs have a negative impact on net profit. Operating costs negatively affect a company's profits. By reducing operating costs, companies can increase their profit effectiveness. However, if operating costs are not managed properly, this can have a negative impact on a company's profits. According to (Lestari & Erdkhadifa, 2024) states that the

relationship between operating costs and net profit shows a negative correlation, meaning that if operating costs increase, the company's net profit will decrease.

According to (Widyastuti et al., 2024) Excessive operating costs can reduce a company's net profit. Companies can try to reduce expenses related to operating costs, such as general and administrative costs, marketing costs, and other items. Operating costs may include expenses such as employee salaries, electricity costs, water costs, rental costs, and other costs related to the company's operational activities.

Operating Profit

In linguistic terms, profit indicates growth in trading activities. One of the main objectives of business is to generate profit. Profit indicates growth in asset value. Profit arises from the cycle of capital use in trade and financial transactions. According to Suwardjono (2008:h.14), profit is defined as a reward for efforts made in producing goods and services. In other words, profit is income that exceeds costs (total costs related to the production and delivery of goods or services). Profit arises from the cycle of capital use in trade and financial transactions.

For a variety of reasons, profit is a fundamental figure in financial accounts. Profit serves as a basis for forecasting the company's future profits and other economic events, as a guide for deciding investment policies and decision-making, as a basis for calculating and evaluating the efficiency of the company's management, and as a basis for evaluating the company's performance.

Gross profit and net profit are the two categories of profit. Gross profit is the total profit earned by a company before deducting expenses incurred by the company. Put otherwise, it is the entire amount of money made by the business over a specific time period. Net profit is the profit after deducting expenses incurred by the company in a given period, including taxes.

Profitability is also often used as a key measure by investors and creditors in assessing a company's financial health. Factors such as capital structure and operational cost efficiency are believed to have a significant impact on changes in operating profit.

Previous Research

Previous studies have shown a significant relationship between capital structure, operational cost efficiency, and profitability. According to Suharli (2006), excessive use of debt can reduce net income due to increased interest expenses, while good operational cost efficiency will increase profits.

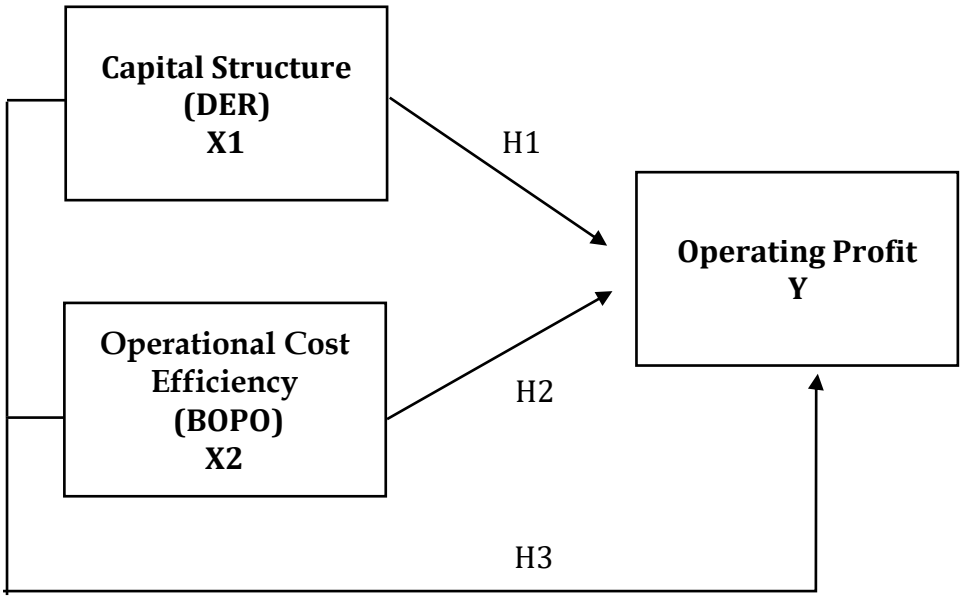
Next, (Afrilia, A.; Amin, M.; Aslam, 2024) examining the effect of capital structure on profitability in retail companies listed on the Indonesia Stock Exchange (IDX) for the period 2018–2022. The results of the study indicate that capital structure has a significant negative effect on the profitability of retail companies listed on the Indonesia Stock Exchange (IDX). This means that the higher the DER, the lower the level of profitability obtained. These results reinforce the theory that financing decisions have direct implications for a company's ability to generate profits.

Meanwhile, research conducted by (Sajidin, 2021) testing the effect of BOPO and capital structure on banking profitability. The results show that the BOPO ratio has a significant negative effect on profitability; the higher the BOPO, the lower the profit generated. This indicates that operational cost efficiency is a major factor in maintaining a company's profit performance.

Based on these studies, it can be concluded that capital structure and operational cost efficiency affect the amount of profit earned by a company. However, most previous studies have focused on the banking or financial sectors, while research in the modern retail sector is still limited.

Therefore, this study was conducted to fill this gap by analyzing the effect of capital structure (DER) and operating cost efficiency (BOPO) on the operating profit of PT Ace Hardware Indonesia Tbk, which is one of the largest retail companies in Indonesia. Focusing on the operating profit variable is expected to provide a more specific understanding of how financial policies and cost efficiency affect the operational performance of retail companies.

Framework



The Relationship Between Capital Structure and Operational Cost Efficiency and Operating Income on Business Profit

This study examines the impact of capital structure (X1) and operational cost efficiency (X2) on operating profit (Y) at PT Ace Hardware Indonesia Tbk. The main objective of this study is to determine the extent to which these two factors influence operating profit.

Capital structure (X1) shows how a company manages its own funds and borrowed funds in carrying out its operations. A good capital structure can help companies reduce capital costs and improve efficiency in managing funds. If a company relies too heavily on debt, high interest costs can reduce profits. However, if the capital structure is balanced between own capital and borrowed funds, the

company will be more financially stable and able to operate optimally, thereby having the potential to increase business profits.

Operating cost efficiency (X2) reflects a company's ability to manage daily operating costs, such as sales, administrative, and general expenses. Well-managed operating costs will reduce the burden on the company's revenue. The more efficient the management of operating costs, the greater the operating profit that can be generated, because the company can utilize resources optimally without sacrificing service quality or operational performance.

Method

This study uses a quantitative approach with a correlational descriptive type, namely to determine the relationship and influence between capital structure and operational cost efficiency on business profits.

According to Sugiyono (2020) quantitative research is a research method with a systematic, planned, and structured design, based on the philosophy of positivism, which aims to test theories through variable measurement and statistical data analysis.

A quantitative approach was chosen because it was in line with the research objectives, namely to capture and analyze the relationships between variables objectively and measurably. In this context, the data used came from the company's financial reports, which were numerical and could be tested using Statistical Package for the Social Sciences (SPSS) version 27.

The research was conducted at PT Ace Hardware Indonesia Tbk using data taken from annual financial reports published on the official website of the Indonesia Stock Exchange (www.idx.co.id) and the company's official website. The research was conducted in October–November 2025.

The population in this study includes all financial reports issued by PT Ace Hardware Indonesia Tbk. To select the sample, the researcher used purposive sampling, which is a method of selecting samples based on criteria determined by the researcher.

The independent variables in this study are capital structure (X1) and operational cost efficiency (X2), while the dependent variable is operational profit (Y). The data analysis method used was to examine several data requirements, namely normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. In addition, multiple regression analysis, hypothesis testing with T-tests and F-tests, and coefficient of determination tests were performed.

The criteria used in this study were annual financial reports for the last 10 years, from 2015 to 2024, which consistently contained data related to capital structure (total debt and total equity) in the statement of financial position, operational cost efficiency (BOPO ratio) in the income statement, and operating profit in the income statement.

Data was collected through documentation, namely by accessing and recording data from the company's financial statements relevant to the study. This study uses secondary data derived from the financial records of PT Ace Hardware Indonesia Tbk

to investigate how operational efficiency and capital structure affect operating profit. Capital structure was measured using the DER ratio, operational cost efficiency, and operating profit.

Capital Structure (X1)

Measured using financial ratios, the Debt to Equity Ratio (DER) formula according to Kasmir is:

$$\text{DER} = \frac{total\ debt}{total\ equity} x\ 100\%$$

DER shows how much debt is relative to equity. The higher the DER, the greater the company's financial risk.

Operational Cost Efficiency(X2)

Measured using BOPO (Operating Expenses to Operating Income). According to Malayu S.P Hasibuan (2017:101), the formula for the ratio of operating expenses to operating income is:

$$\text{BOPO} = \frac{operating\ costs}{operating\ income} x\ 100\%$$

BOPO indicates a company's operational efficiency. The lower the BOPO value, the more efficient the company is at managing costs.

Operating Profit (Y)

Measured based on the operating profit value stated in the company's financial statements. Operating profit shows the company's ability to generate profits from its main operational activities after deducting operational costs. The greater the operating profit, the better the company's performance in managing revenue and costs to achieve high efficiency and profitability.

Result

Table 1. Data Debt to Equity Ratio PT Ace Hardware Indonesia Tbk (2015-2024)

Year	DER (%)
2015	15,6833855
2016	22,3822539
2017	26,1626307
2018	25,6337441
2019	24,832408
2020	27,9398853
2021	30,4213889
2022	22,1649562
2023	25,3276888
2024	25,3103356

Source: Data processed by researchers

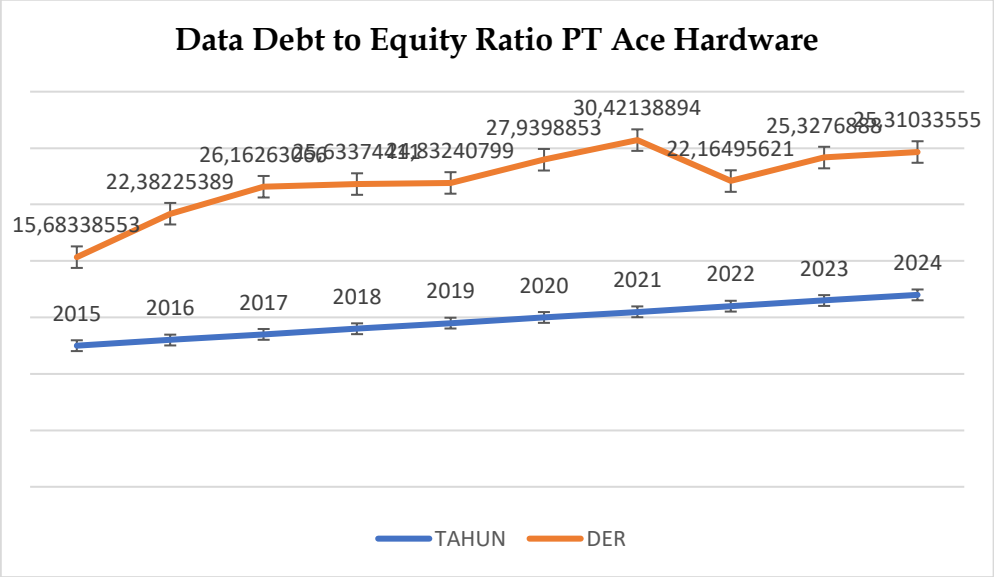


Figure 1. Debt to Equity Ratio Chart of PT Ace Hardware Indonesia Tbk (2015-2024)

Table 1 and Figure 1 show that PT Ace Hardware Indonesia Tbk's DER fluctuated from 2015 to 2024. The lowest DER occurred in 2015 at 15.68%, while the highest was in 2021 at 30.42%. An increase in DER indicates a rise in the proportion of debt to equity, which can increase the risk to the company's financial stability. However, after 2021, the DER decreased to 22.16% in 2022 and stabilized at around 25% until 2024.

DER data shows that the company experienced an increase in the proportion of debt to equity during the decline period, indicating a more aggressive financing policy. However, the downward trend in DER after 2021 indicates efforts to control financial risk by reducing dependence on debt. The stability of DER at a low range in recent years reflects the company's preference for equity-based financing, which is in line with the characteristics of the modern retail sector, which tends to rely on internal capital and operating cash flow.

Table 2. Operating Expenses and Operating Income of PT Ace Hardware Indonesia Tbk (2015-2024)

Year	BOPO (%)
2015	33,00699361
2016	32,85798325
2017	33,09601262
2018	32,74611981
2019	33,45954026
2020	37,8549225
2021	37,05927834
2022	37,28099187

2023	**37,24442971**
2024	**36,80908663**

Source: Data processed by researchers

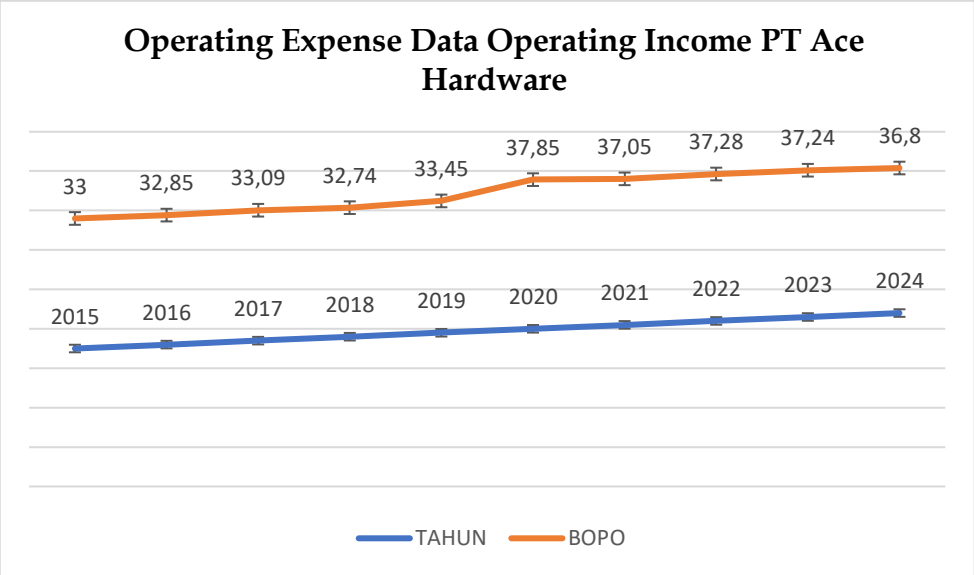


Figure 2. Operational Expense Chart of PT Ace Hardware Indonesia Tbk's Operating Income (2015-2024)

Based on Table 2 and Figure 2, PT Ace Hardware Indonesia Tbk's BOPO ratio ranged from 32% to 37% during the 2015–2024 period. The lowest ratio occurred in 2018 at 32.74%, while the highest ratio occurred in 2020 at 37.85%. The increase in BOPO in 2020–2022 indicates a decline in operational efficiency, most likely influenced by the impact of the pandemic, which increased operational costs and suppressed revenue.

However, in 2023 and 2024, BOPO began to decline to 36.80%, indicating an improvement in cost management efficiency. This decline in BOPO has the potential to increase operating profit, as a smaller proportion of revenue is used to cover operating costs.

Table 3. Operating Profit of PT Ace Hardware Indonesia Tbk (2015-2024)

Year	Operating Profit
2015	768,927,232,299
2016	880,589,478,797
2017	968,357,778,822
2018	1,229,001,071,123
2019	1,305,222,274,452
2020	989,517,323,823
2021	925,489,728,649
2022	876,090,843,159
2023	1,000,296,172,154
2024	1.166.963.783.035

Source: Data processed by researchers

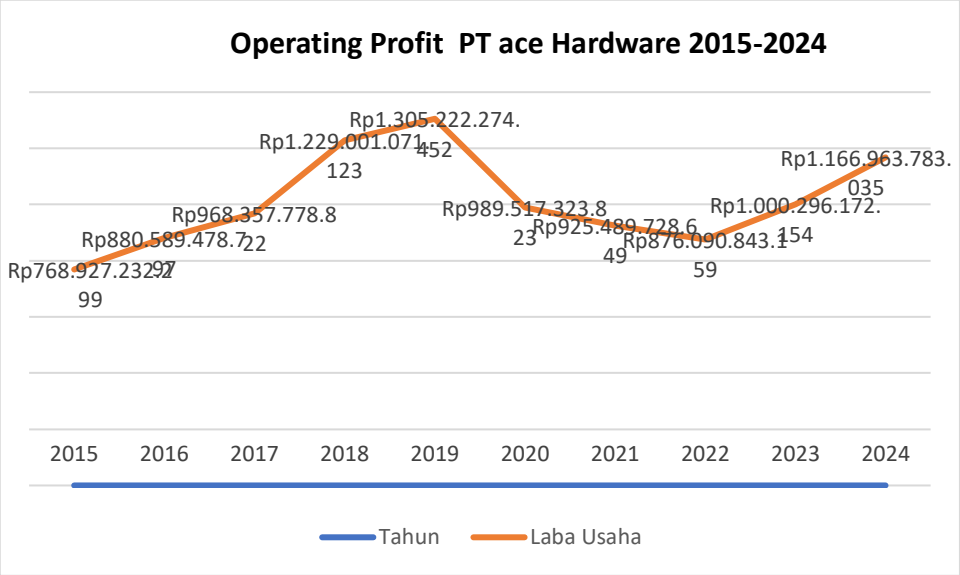


Figure 3. PT Ace Hardware Indonesia Tbk Business Profit Chart (2015-2024)

Based on Table 3 and Figure 3, PT Ace Hardware Indonesia Tbk's operating profit trend experienced significant growth from 2015 to 2019, with a peak value of IDR 1.305 trillion in 2019. However, there was a sharp decline from 2020 to 2022, which was most likely caused by post-pandemic economic pressures and an increase in BOPO.

Operating profit began to recover in 2023 and reached IDR 1.166 trillion in 2024. This recovery was in line with a decline in BOPO and stabilization of DER, indicating that cost efficiency and capital structure management contributed positively to the increase in operating profit.

Normality Test

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			10
Normal Parameters[a,b]	Mean		-.0000244
	Std. Deviation		1.43848E+11
Most Extreme Differences	Absolute		.135
	Positive		.135
	Negative		-.106
Test Statistic			.135
Asymp. Sig. (2-tailed)[c]			.200[d]
Monte Carlo Sig. (2-tailed)[e]	Sig.		.877
	99% Confidence Interval	Lower Bound	.869
		Upper Bound	.886

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.
e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 299883525.

Source: SPSS 27 output

According to the results of the One-Sample Kolmogorov-Smirnov test, an Asymp. Sig. value is roughly 0.200. It is possible to conclude that the data used satisfies the assumption of normalcy because this result is higher than the significance level of 0.05.

Multicollinearity Test

Table 5. Multicollinearity Test Results

coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	DER	.799	1.251
	BOPO	.799	1.251

a. Dependent Variable: LABA USAHA

Source: SPSS 27 output

From the analysis results obtained (as seen from the tolerance and VIF values), it can be seen that the tolerance value is above 0.10 and the VIF value is below 10. This indicates that the multikolinearitas problem does not exist between the variables BOPO and DER.

Heteroscedastisity Test

Table 6. Heteroscedasticity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.391E+12	8.536E+11		1.630	.147
	DER	2.543E+10	1.542E+10	.588	1.649	.143
	BOPO	-2.862E+10	2.709E+10	-.377	-1.057	.326

a. Dependent Variable: LABA USAHA

Source: SPSS 27 output

From the results of the heteroscedasticity test in the Coefficients table, the significance values for the DER variable are 0.143, while for the BOPO variable they are 0.326. Both variables have significance values greater than 0.05, so it can be concluded that the regression model does not show any heteroscedasticity problems.

Autocorrelation Test

Table 7. Autocorrelation Test Results

Runs Test

	Unstandardized Residual
Test Value[a]	-2.0476E+10
Cases < Test Value	5
Cases >= Test Value	5
Total Cases	10
Number of Runs	4
Z	-1.006
Asymp. Sig. (2-tailed)	.314

a. Median

Source: SPSS 27 output

The Asymp. Sig. (2-tailed) value is approximately 0.314 based on the results of the autocorrelation test conducted using the Runs Test method. Since this significance level is greater than 0.05, it may be concluded that there is no autocorrelation in the regression model. In other words, the residual data is acak and does not indicate a significant difference between observations. In other words, the residual data is random and does not show significant differences between observations. Thus, the regression model used has met the classical assumptions regarding autocorrelation and is ready for further analysis.

Multiple Linear Regression Test

Table 8. Multiple Linear Regression Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.391E+12	8.536E+11		1.630	.147
	DER	2.543E+10	1.542E+10	.588	1.649	.143
	BOPO	-2.862E+10	2.709E+10	-.377	-1.057	.326

a. Dependent Variable: LABA USAHA

Source: SPSS 27 output

The results of the multiple linear regression test show the following model equation:

Business Profit = 1.391E+12 + 2.543E+10 (DER) - 2.862E (BOPO)

Explanation:

Y = Operating Profit

X_1 = Capital Structure (DER)

X_2 = Operational Cost Efficiency (BOPO)

From this equation, it can be interpreted that the DER variable has a positive effect on operating profit, meaning that when DER increases, operating profit also

tends to increase. Conversely, the BOPO variable has a negative effect on operating profit, meaning that the higher the BOPO, the lower the company's operating profit will be.

Partial Test (Uji t)

Table 9. T Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.391E+12	8.536E+11		1.630	.147
	DER	2.543E+10	1.542E+10	.588	1.649	.143
	BOPO	-2.862E+10	2.709E+10	-.377	-1.057	.326

a. Dependent Variable: LABA USAHA

Source: SPSS 27 output

At the significance level of 5%, the t-test findings indicate that the DER variable has a t-value of 1.649, a BOPO of -1.057, and a t-table value of 2.36462. It may be inferred that, in part, DER and BOPO do not significantly affect operating profit because bot variables' t-values and their significance values (DER = 0.143 and BOPO = 0.326) are higher than 0.05.

Simultaneous Test (Uji F)

Table 10. F Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.570E+22	2	3.785E+22	1.423	.303[b]
	Residual	1.862E+23	7	2.660E+22		
	Total	2.619E+23	9			

a. Dependent Variable: LABA USAHA

b. Predictors: (Constant), BOPO, DER

Source: SPSS 27 output

The results of the F test reveal a computed F value of 1.423 and a table F value of 4.46 with a significance level of 5%. Given that the computed F value is below the table F value (1.423 < 4.46) and the significance value is 0.303 > 0.05, it can be concluded that simultaneously, Operating profit was not significantly affected by DER and BOPO factors.

Determination Coefficient (R^2)

Table 11. Determination Coefficient (R^2) Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.538[a]	.289	.086	1.631E+11	.289	1.423	2	7	.303	1.266

a. Predictors: (Constant), BOPO, DER

b. Dependent Variable: LABA USAHA

Source: SPSS 27 output

The DER and BOPO variables can account for 28.9% of the fluctuation in operating profit, according to the coefficient of determination (R2) value of 0.289. In the meantime, factors outside the purview of this study affect the remaining 71.1%, such as operational factors, cost efficiency, sales, or other external factors affecting the company.

Discussion

The findings of this study indicate that capital structure has no noticeable impact on the operating profit of PT Ace Hardware Indonesia Tbk during the period of 2015-2024 based on the results of the t-test and f-test, because the significance results are greater than 0.05.

Despite the fact that the direction of the coefficient indicates a positive relationship between DER and operating profit, the effect is not statistically significant. This suggests that, compared to debt-based foundations, businesses rely more on internal capital and operating cash flow.

Operating cost efficiency (BOPO) has a negative effect on operating profit, meaning that a higher BOPO ratio results in lower profits. However, the impact is not significant, which means that changes in cost efficiency do not greatly affect operating profit. These outcomes agree with (Sajidin, 2021) research, which states that BOPO has a negative effect on profitability.

Overall, the data collected shows that the operating profit of PT Ace Hardware Indonesia Tbk is influenced by several factors, such as operational efficiency, sales volume, and marketing strategies that affect operating profit. Therefore, the Company must review its capital structure policy and cost efficiency strategy.

Improving the effectiveness of operational cost utilization and optimizing the combination of equity and loan capital can be an important way to improve business profit performance in the future.

Conclusion

The purpose of this research is to examine the impact of capital structure (DER) and operational cost efficiency (BOPO) on the operating profit of PT Ace Hardware Indonesia Tbk during the period 2015-2024. Based on data analysis using multiple linear regression tests, the results show that capital structure (DER) and operational cost efficiency (BOPO) do not significantly affect operating profit, either partially or simultaneously.

These findings indicate that the company's funding and cost control policies remain conservative. The company prioritizes internal funding over external funding, which involves risk management strategies. However, the company needs to consider balancing its capital structure and cost efficiency in order to increase profitability in the future.

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