Sosio e-Kons
P-ISSN 2085-2266, E-ISSN 2502-5449
DOI: http://dx.doi.org/10.30998/sosioekons.v18i2.4498
Available online at https://newjournal.lppmunindra.ac.id/index.php/sosio_ekons

Financial Performance Evaluation of PT Sentra Food Indonesia Tbk Using Liquidity and Solvency Ratio Analysis: Evidence from 2021–2025

Andhika Prayoga[1], Andi Ainil Mufidah Tanra[2], Ni Made Suwitri Parwati[3], & Rika Febby Rhamadhani[4]
[1,2,3,4] Tadulako University, Palu, Central Sulawesi, Indonesia

ARTICLE INFO

Article History:
Received Jul 13th, 2026
Revised Aug 20th, 2026
Accepted Aug 26th, 2026

Keywords:
Financial Performance;
Liquidity Ratio;
Solvency Ratio;
Financial Statement Analysis;
Food and Beverage Industry.

ABSTRACT

Financial performance evaluation plays a crucial role in assessing a company's financial health and its ability to sustain business operations under increasingly competitive market conditions. This study aims to evaluate the financial performance of PT Sentra Food Indonesia Tbk during the 2021–2025 period by analyzing its liquidity and solvency ratios. A quantitative descriptive research design was employed using secondary data obtained from the company's published financial statements. The analysis was conducted using liquidity ratios, including the Current Ratio, Quick Ratio, and Cash Ratio, as well as solvency ratios, namely the Debt-to-Asset Ratio and Debt-to-Equity Ratio. The results indicate that the company experienced weak liquidity, reflecting an insufficient capacity to meet short-term obligations, while the solvency analysis revealed a highly leveraged capital structure and deteriorating equity conditions, indicating elevated long-term financial risk. Overall, the financial performance of PT Sentra Food Indonesia Tbk during the observation period was unsatisfactory. These findings provide practical insights for corporate management in improving liquidity management and capital structure while contributing to the application of financial ratio analysis as a comprehensive tool for evaluating corporate financial performance.

Evaluasi kinerja keuangan merupakan aspek penting dalam menilai tingkat kesehatan keuangan perusahaan serta kemampuannya dalam mempertahankan keberlangsungan usaha di tengah persaingan bisnis yang semakin kompetitif. Penelitian ini bertujuan untuk mengevaluasi kinerja keuangan PT Sentra Food Indonesia Tbk selama periode 2021–2025 melalui analisis rasio likuiditas dan rasio solvabilitas. Penelitian menggunakan pendekatan kuantitatif dengan metode deskriptif berdasarkan data sekunder yang diperoleh dari laporan keuangan perusahaan yang dipublikasikan. Analisis dilakukan menggunakan rasio likuiditas yang meliputi Current Ratio, Quick Ratio, dan Cash Ratio, serta rasio solvabilitas yang terdiri atas Debt to Asset Ratio dan Debt to Equity Ratio. Hasil penelitian menunjukkan bahwa perusahaan memiliki tingkat likuiditas yang rendah sehingga belum mampu memenuhi kewajiban jangka pendek secara optimal. Selain itu, analisis solvabilitas menunjukkan struktur permodalan yang didominasi oleh utang disertai penurunan kondisi ekuitas, yang mencerminkan tingginya risiko keuangan jangka panjang. Secara keseluruhan, kinerja keuangan PT Sentra Food Indonesia Tbk selama periode penelitian berada dalam kondisi yang kurang memadai. Temuan penelitian ini memberikan implikasi praktis bagi manajemen dalam meningkatkan pengelolaan likuiditas dan struktur permodalan serta memperkuat pemanfaatan analisis rasio keuangan sebagai dasar evaluasi kinerja perusahaan.

Corresponding Author:
Andhika Prayoga
Email: dhika4211@gmail.com

How to Cite: Prayoga, A., Tanra, A. A. M., Parwati, N. M. S., Rhamadhani, R. F. (2026). Financial Performance Evaluation of PT Sentra Food Indonesia Tbk Using Liquidity and Solvency Ratio Analysis: Evidence from 2021–2025. *Sosio e-Kons, 18 (2), 154-167*

INTRODUCTION

The food and beverage industry is one of the strategic sectors that significantly contributes to Indonesia's economic development. According to the Ministry of Industry of the Republic of Indonesia, (2026), the food and beverage industry recorded a growth of 7.04% in the first quarter of 2026, making it the fastest-growing subsector within the non-oil and gas manufacturing industry. Furthermore, the sector contributed approximately 7.31% to Indonesia's Gross Domestic Product (GDP), while Statistics Indonesia (BPS) reported that more than 5.28 million business establishments operate within the food and beverage sector. These achievements demonstrate the sector's substantial contribution to national economic growth and employment. Nevertheless, despite this positive macroeconomic performance, companies operating within the industry continue to face significant challenges, including global supply chain disruptions, volatile energy prices, inflationary pressures, and climate-related risks that may adversely affect production efficiency, operational sustainability, and financial stability. Consequently, maintaining sound financial performance has become increasingly important for ensuring business continuity and enhancing corporate competitiveness (Boonvorachote & Sakulveeraphan, 2018).

Although the food and beverage industry continues to exhibit positive growth, not all companies have experienced favorable financial conditions. PT Sentra Food Indonesia Tbk, one of the publicly listed companies in Indonesia's food and beverage industry, has encountered several financial challenges during the observation period. Based on the Company's Annual Reports (2021–2025), the company's financial statements indicate declining current assets and cash balances, increasing financial obligations, weakening equity, and recurring operating losses. These conditions raise concerns regarding the company's ability to maintain sufficient liquidity and financial solvency while supporting long-term business sustainability. Therefore, evaluating the company's financial performance is essential to determine whether its financial condition remains healthy and capable of supporting future operational activities (Fenyves et al., 2020; Kalogeras et al., 2005).

Financial statements constitute one of the primary sources of information for assessing a company's financial condition and performance. They provide systematic information regarding financial position, operating performance, and cash flows, enabling investors, creditors, management, and other stakeholders to evaluate corporate performance and make appropriate economic decisions (Dharma et al., 2024). Likewise, A'la Alrahim & Wibowo (2022) explain that financial statements present structured financial information that provides a comprehensive overview of a company's financial condition and serves as the basis for financial analysis and decision-making. Consequently, financial statements play a fundamental role in evaluating corporate performance, identifying financial strengths and weaknesses, and supporting strategic planning for sustainable business development (Fenyves et al., 2018).

Financial performance represents an important indicator of a company's success in managing its financial resources and conducting operational activities effectively and efficiently. Indriastuti & Ruslim (2020) states that financial performance is an important instrument for assessing a company's growth potential and future development. Similarly, Hartati et al. (2022) define financial performance as an indicator reflecting a company's financial health based on its achievements during a particular period, whereas Misnawati (2021) explains that financial performance is an evaluation of operational outcomes derived from information presented in financial statements. According to Darmawan (2020) financial performance reflects the economic achievements attained by an entity through effective operational activities aimed at generating profits. Therefore, companies must continuously monitor and evaluate their financial performance to maintain operational sustainability, improve financial stability, and maximize corporate value for stakeholders.

The evaluation of financial performance is generally conducted through financial statement analysis to measure a company's ability to generate profits, fulfill financial obligations, and maintain long-term business sustainability. Companies with strong financial performance are generally characterized by efficient resource utilization, adequate liquidity, balanced capital structures, and sound financial management practices (Omidi & Shafiee, 2018). Conversely, weak financial performance may indicate financial distress, excessive dependence on debt financing, declining profitability, insufficient working capital, or limited capacity to meet financial obligations. Therefore, continuous financial performance evaluation is essential for identifying financial problems at an early stage and supporting strategic managerial decisions aimed at improving corporate performance (Partalidou et al., 2020).

Financial ratio analysis is one of the most widely used approaches for evaluating corporate financial performance because it transforms financial statement data into meaningful indicators that reflect a company's financial condition and operational efficiency (Lo & Lu, 2009; Prabowo & Korsakul, 2020; Pratama, 2017). Financial ratios enable stakeholders to assess various aspects of financial performance, including profitability, liquidity, activity, market performance, and solvency. Among these indicators, liquidity and solvency ratios are particularly important because they provide complementary information regarding a company's ability to fulfill both short-term and long-term financial obligations, thereby reflecting its overall financial sustainability (Rodrigues & Rodrigues, 2018).

Liquidity ratios measure a company's ability to meet its short-term liabilities using its current assets. According to Asniwati (2020), liquidity reflects a company's capability to settle current obligations by comparing current assets with current liabilities. Companies with adequate liquidity are generally better positioned to maintain operational continuity, manage working capital efficiently, and respond to unexpected financial needs. In this study, liquidity performance is evaluated using the Current Ratio, Quick Ratio, and Cash Ratio, which represent different levels of liquidity based on the composition of current assets. These indicators provide comprehensive information regarding the company's capacity to fulfill short-term obligations under different financial conditions (Khodijah et al., 2024; Saputera et al., 2021).

In contrast, solvency ratios evaluate a company's long-term financial stability by measuring the proportion of debt used to finance corporate assets and equity. According to Indriastuti & Ruslim (2020), solvency ratios assess a company's ability to fulfill both short-term and long-term obligations, particularly under liquidation circumstances. Similarly, (Faradhila et al., 2024; Narulita & Manda, 2024) explain that solvency analysis reflects the company's capital structure and its dependence on external financing. In this study, solvency performance is measured using the Debt-to-Asset Ratio (DAR) and Debt-to-Equity Ratio (DER) because both indicators provide a comprehensive assessment of financial leverage and long-term financial risk. Together, liquidity and solvency ratios offer a holistic evaluation of corporate financial health by assessing both operational liquidity and capital structure sustainability.

Several previous studies have examined corporate financial performance using financial ratio analysis. Widianingrum et al. (2024) evaluated the financial performance of PT Berlina Tbk and found that the company experienced poor liquidity and solvency conditions, indicating that it was both illiquid and insolvent. Barata et al. (2022) investigated manufacturing companies in the consumer goods industry and reported that PT Indofood CBP Sukses Makmur Tbk demonstrated the strongest liquidity performance, while other companies exhibited relatively stronger debt-to-equity ratios. Furthermore, Agustine 2021 and Nurlaela & Haryono (2024) concluded that although the observed company maintained satisfactory liquidity and profitability, its solvency condition remained weak, indicating considerable pressure on its long-term capital structure.

Although previous studies have provided valuable insights into financial performance evaluation using financial ratio analysis, several limitations remain. First, most previous studies focused on comparative analyses involving multiple companies or different manufacturing sectors rather than conducting an in-depth evaluation of a single company over an extended observation period. Second, relatively limited attention has been given to PT Sentra Food Indonesia Tbk despite the financial challenges reflected in its recent financial statements. Third, previous studies generally discussed liquidity and solvency independently, whereas an integrated evaluation of both dimensions is essential for obtaining a more comprehensive understanding of corporate financial health and long-term sustainability. These limitations indicate the existence of a research gap that warrants further investigation.

Accordingly, this study offers scientific novelty by providing a comprehensive evaluation of the financial performance of PT Sentra Food Indonesia Tbk over the 2021–2025 period through the integrated analysis of liquidity and solvency ratios. Unlike previous studies that primarily focused on comparisons across companies or shorter observation periods, this research analyzes the company's financial condition over five consecutive years, enabling a more comprehensive understanding of changes in liquidity, capital structure, and financial sustainability. The findings are expected to contribute not only to the literature on financial statement analysis but also to provide practical recommendations for corporate management, investors, creditors, and other stakeholders in evaluating financial health and supporting strategic decision-making.

Based on the research background, previous studies, and identified research gap, this study aims to evaluate the financial performance of PT Sentra Food Indonesia Tbk during the 2021–2025 period using liquidity and solvency ratio analysis. Specifically, the study seeks to assess the company's ability to fulfill its short-term and long-term financial obligations and to provide a comprehensive evaluation of its financial condition as a basis for improving financial management and supporting long-term business sustainability.

Conceptual Framework

Financial performance evaluation is conducted by analyzing information presented in the company's financial statements. In this study, financial performance is assessed through two main dimensions, namely liquidity and solvency. Liquidity analysis measures the company's ability to fulfill its short-term obligations using current assets, while solvency analysis evaluates the company's long-term financial stability by examining the proportion of debt used to finance corporate assets and equity. The integration of these two dimensions provides a comprehensive assessment of the company's financial health and supports the identification of financial strengths and weaknesses. The conceptual framework of this study is presented in Figure 1.

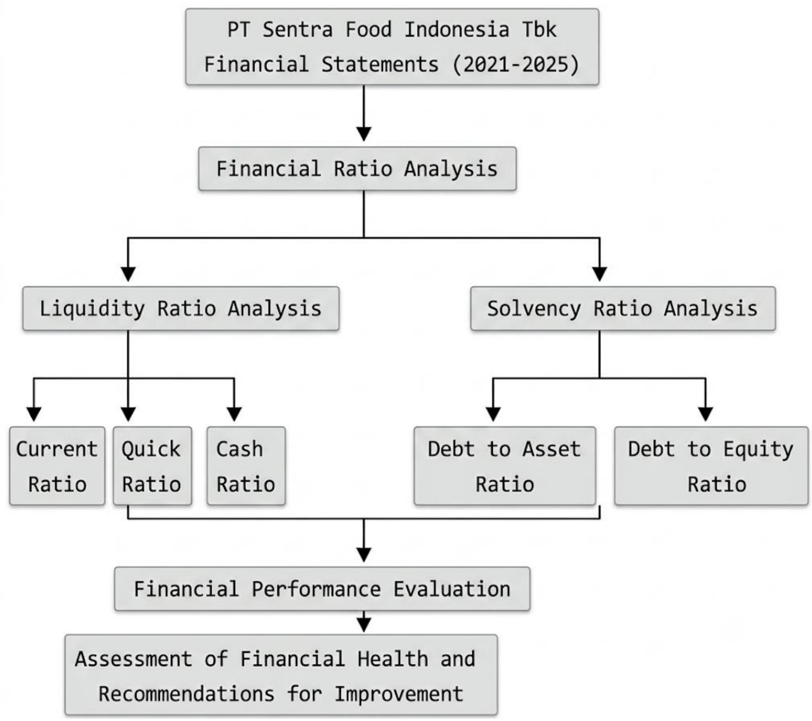

Figure 1. Conceptual Framework of the Study

Figure 1 illustrates that the evaluation begins with the company's published financial statements, which serve as the primary source of financial information. The financial data are analyzed using liquidity and solvency ratios to evaluate the company's ability to meet both short-term and long-term financial obligations. The results of these analyses are subsequently integrated to provide a comprehensive assessment of PT Sentra Food Indonesia Tbk's financial performance during the 2021–2025 observation period.

METHOD

This study employed a quantitative approach using a descriptive research design to evaluate the financial performance of PT Sentra Food Indonesia Tbk during the 2021–2025 period. A descriptive quantitative approach was considered appropriate because the objective of the study was to describe and evaluate the company's financial condition based on numerical information presented in its financial statements rather than to examine causal relationships among variables. Accordingly, the study focused on assessing the company's ability to fulfill both short-term and long-term financial obligations through financial ratio analysis.

The object of this research was PT Sentra Food Indonesia Tbk, a publicly listed company operating in Indonesia's food and beverage industry. This study utilized secondary data obtained from the company's published annual financial statements, which were accessed through the company's official website. The observation period covered 2021–2025, representing the most recent five consecutive years of financial reporting available at the time of the study. The selection of this period was intended to provide a comprehensive overview of the company's financial performance and to identify trends and fluctuations in liquidity and solvency over multiple accounting periods, thereby minimizing the influence of short-term financial changes.

Data were collected using the documentation method, whereby the published annual financial statements of PT Sentra Food Indonesia Tbk were downloaded from the company's official website. Financial information required for the analysis, including current assets, inventories, cash and cash equivalents, current liabilities, total liabilities, total assets, and total equity, was extracted from the statements of financial position. These data served as the primary basis for calculating the selected financial ratios.

Financial performance was evaluated using financial ratio analysis, which examines the relationship among financial statement components to assess a company's financial condition and operational performance (Darmawan, 2020). This analytical method was selected because financial ratios provide objective indicators for evaluating financial performance and facilitate comparisons with generally accepted industry benchmarks. The study focused on two categories of financial ratios, namely liquidity ratios and solvency ratios. Liquidity ratios were selected because they measure the company's ability to meet short-term obligations and reflect short-term financial flexibility, whereas solvency ratios evaluate long-term financial stability, capital structure, and the extent to which corporate assets are financed by debt (Faradhila et al., 2024). The combination of these ratio categories provides a comprehensive assessment of the company's overall financial health.

The liquidity analysis consisted of the Current Ratio (CR), Quick Ratio (QR), and Cash Ratio (CaR), while the solvency analysis employed the Debt-to-Asset Ratio (DAR) and Debt-to-Equity Ratio (DER). These ratios were selected because they are among the most widely used indicators in financial statement analysis and are considered effective in evaluating a company's ability to meet both short-term and long-term financial obligations. The formulas and industry benchmark values used in this study are presented in Table 1.

Table 1.
Financial Ratio Indicators Used in the Study

Variable	Indicator	Formula	Industry Benchmark
Liquidity	Current Ratio (CR)	Current Assets / Current Liabilities × 100%	200%
	Quick Ratio (QR)	(Current Assets − Inventory) / Current Liabilities × 100%	150%
	Cash Ratio (CaR)	Cash and Cash Equivalents / Current Liabilities × 100%	50%
Solvency	Debt-to-Asset Ratio (DAR)	Total Liabilities / Total Assets × 100%	35%
	Debt-to-Equity Ratio (DER)	Total Liabilities / Total Equity × 100%	90%

Source: Adapted from Darmawan (2020).

The data analysis was conducted in four stages. First, financial data were extracted from the company's annual financial statements. Second, the liquidity and solvency ratios were calculated using the formulas presented in Table 1. Third, the calculated ratios were compared with the corresponding industry benchmark values to evaluate the company's financial condition. Finally, the results were interpreted descriptively to assess the financial performance of PT Sentra Food Indonesia Tbk during the 2021–2025 period and to identify its strengths and weaknesses in terms of liquidity and solvency.

RESULTS AND DISCUSSION

Result

Liquidity Ratio Analysis

Liquidity ratios evaluate a company's ability to fulfill its short-term financial obligations using its current assets. Strong liquidity enables a company to maintain operational continuity, fulfill obligations to creditors, and respond effectively to unexpected financial challenges. In this study, liquidity performance was assessed using three indicators: the Current Ratio (CR), Quick Ratio (QR), and Cash Ratio (CaR). Together, these indicators provide a comprehensive evaluation of the company's short-term financial condition by measuring its capacity to settle current liabilities through current assets, highly liquid assets, and cash resources.

Current Ratio

The Current Ratio measures the company's ability to meet its short-term liabilities using its current assets. A higher Current Ratio generally indicates a stronger liquidity position because the company possesses sufficient current assets to satisfy obligations due within one year. Table 2 presents the Current Ratio of PT Sentra Food Indonesia Tbk during the 2021–2025 observation period.

Table 2.
Current Ratio of PT Sentra Food Indonesia Tbk during the 2021–2025 Period

Year	Current Assets (IDR)	Current Liabilities (IDR)	*Current Ratio* (%)
2021	28.220.720.064	50.340.517.198	56,06
2022	27.248.456.331	49.827.290.693	54,69
2023	24.630.090.991	24.648.846.825	99,92
2024	21.718.796.208	44.891.752.162	48,38
2025	20.213.824.295	65.246.716.656	30,98
Average			**58,01**

Source: Processed secondary data (2026)

As presented in Table 2, the Current Ratio of PT Sentra Food Indonesia Tbk fluctuated throughout the 2021–2025 observation period. The company recorded Current Ratios of 56.06% in 2021, 54.69% in 2022, 99.92% in 2023, 48.38% in 2024, and 30.98% in 2025, with an overall average of 58.01%. Although the ratio increased substantially in 2023, this improvement was not sustained, as the ratio declined sharply during the following two years. Overall, the company's average Current Ratio remained significantly below the industry benchmark of 200%, indicating that its liquidity performance was consistently weak. The findings suggest that PT Sentra Food Indonesia Tbk experienced persistent difficulties in maintaining sufficient current assets to cover its current liabilities. Throughout the observation period, current liabilities consistently exceeded current assets, indicating an imbalance in working capital management. This condition reflects limited financial flexibility and suggests that the company may encounter challenges in fulfilling short-term obligations without relying on additional borrowing or external financing.

Quick Ratio

The Quick Ratio provides a more conservative measure of liquidity by excluding inventories from current assets. Since inventories generally require additional time to be converted into cash, the Quick Ratio evaluates the company's ability to satisfy current liabilities using only its most liquid assets.

Consequently, this ratio provides a more rigorous assessment of short-term financial strength than the Current Ratio. The Quick Ratio results for PT Sentra Food Indonesia Tbk are presented in Table 3.

Table 3.
Quick Ratio of PT Sentra Food Indonesia Tbk during the 2021–2025 Period

Year	Current Assets (IDR)	Inventory	Current Liabilities (IDR)	*Current Ratio* (%)
2021	28.220.720.064	12.581.932.662	50.340.517.198	31,07
2022	27.248.456.331	12.752.056.072	49.827.290.693	29,09
2023	24.630.090.991	11.052.666.578	24.648.846.825	55,08
2024	21.718.796.208	9.024.951.085	44.891.752.162	28,28
2025	20.213.824.295	8.944.836.982	65.246.716.656	17,27
		Average		**32,16**

Source: Processed secondary data (2026)

Table 3 demonstrates that the Quick Ratio of PT Sentra Food Indonesia Tbk fluctuated during the five-year observation period, with values ranging from 17.27% to 55.08%. The company achieved its highest Quick Ratio in 2023; however, this improvement was followed by substantial declines in 2024 and 2025. Overall, the average Quick Ratio was only 32.16%, considerably lower than the industry benchmark of 150%, indicating that the company's immediate liquidity remained inadequate throughout the study period. The consistently low Quick Ratio indicates that the company's highly liquid assets, excluding inventories, were insufficient to meet current liabilities.

Cash Ratio

The Cash Ratio is the most conservative liquidity indicator because it measures a company's ability to meet its short-term obligations using only cash and cash equivalents. Unlike the Current Ratio and Quick Ratio, the Cash Ratio excludes all other current assets, thereby providing a direct assessment of the company's immediate liquidity. Table 4 presents the Cash Ratio of PT Sentra Food Indonesia Tbk during the 2021–2025 observation period.

Table 4.
Cash Ratio of PT Sentra Food Indonesia Tbk during the 2021–2025 Period

Year	Cash (IDR)	Current Liabilities (IDR)	*Current Ratio* (%)
2021	1,711,187,519	50.340.517.198	3,40
2022	2,347,742,485	49.827.290.693	4,71
2023	4,109,624,763	24.648.846.825	16,67
2024	728,888,503	44.891.752.162	1,62
2025	884,577,166	65.246.716.656	1,36
	Average		**5,55**

Source: Processed secondary data (2026)

As presented in Table 4, the Cash Ratio of PT Sentra Food Indonesia Tbk fluctuated throughout the 2021–2025 observation period. The company recorded Cash Ratios of 3.40% in 2021, 4.71% in 2022, 16.67% in 2023, 1.62% in 2024, and 1.36% in 2025, resulting in an average Cash Ratio of 5.55%. Although the ratio improved temporarily in 2023, it declined sharply during the final two years of the observation period. Overall, the average Cash Ratio remained substantially below the industry benchmark of 50%, indicating a very weak cash liquidity position.

Solvency Ratio Analysis

Solvency ratios evaluate a company's ability to fulfill both its short-term and long-term financial obligations. These ratios provide an overview of the company's capital structure and the extent to which its assets are financed through debt. In this study, solvency performance was assessed using the Debt-to-Asset Ratio (DAR) and the Debt-to-Equity Ratio (DER). Higher solvency ratios generally indicate greater financial leverage and increased financial risk, whereas lower ratios reflect a healthier capital structure and stronger long-term financial stability.

Debt-to-Asset Ratio

The Debt-to-Asset Ratio (DAR) measures the proportion of a company's total assets financed through liabilities. This ratio reflects the company's dependence on debt financing and serves as an important indicator of long-term financial stability. A lower Debt-to-Asset Ratio generally indicates a healthier financial condition because a larger proportion of assets is financed by equity rather than debt. Table 5 presents the Debt-to-Asset Ratio of PT Sentra Food Indonesia Tbk during the 2021–2025 observation period.

Table 5.
Debt-to-Asset Ratio of PT Sentra Food Indonesia Tbk during the 2021–2025 Period

Year	Total Liabilities (IDR)	Total Assets (IDR)	Debt-to-Asset Ratio (%)
2021	62,754,664,235	106.495.352.963	58,93
2022	60.641.748.902	102.297.196.494	59,28
2023	29.567.169.865	50.993.895.743	57,98
2024	50.615.956.440	48.472.807.904	104,42
2025	70.672.272.392	46.759.505.542	151,14
Average			**86,35**

Source: Processed secondary data (2026)

As presented in Table 5, the Debt-to-Asset Ratio of PT Sentra Food Indonesia Tbk fluctuated throughout the 2021–2025 observation period. The company recorded Debt-to-Asset Ratios of 58.93%, 59.28%, 57.98%, 104.42%, and 151.14%, with an average value of 86.35%. Although the ratio remained relatively stable during the first three years, it increased substantially in 2024 and continued to rise in 2025. Overall, the average ratio was considerably higher than the commonly accepted industry benchmark of 35%, indicating that the company's solvency condition was unsatisfactory.

Debt-to-Equity Ratio

The Debt-to-Equity Ratio (DER) measures the proportion of a company's total liabilities relative to its shareholders' equity and is commonly used to evaluate capital structure and long-term financial stability. A lower DER generally indicates a healthier financing structure because a greater proportion of the company's assets is financed by equity rather than debt. Conversely, a high DER reflects greater financial leverage and increased dependence on external financing. Table 6 presents the Debt-to-Equity Ratio of PT Sentra Food Indonesia Tbk during the 2021–2025 observation period.

Table 6.
Debt-to-Equity Ratio of PT Sentra Food Indonesia Tbk during the 2021–2025 Period

Year	Total Liabilities (IDR)	Total Equity (IDR)	Debt-to-Asset Ratio (%)
2021	62,754,664,235	43,740,688,728	143.47
2022	60.641.748.902	41,655,447,592	145.58
2023	29.567.169.865	21,426,725,878	137.99
2024	50.615.956.440	(2,143,148,536)	(2,361.76)
2025	70.672.272.392	(23,912,766,850)	(295.54)
Average			**(446.05)**

Source: Processed secondary data (2026)

As presented in Table 6, the Debt-to-Equity Ratio of PT Sentra Food Indonesia Tbk exhibited substantial fluctuations throughout the 2021–2025 observation period. During the first three years, the company recorded Debt-to-Equity Ratios of 143.47%, 145.58%, and 137.99%, all of which exceeded the industry benchmark of 90%. In 2024 and 2025, however, the ratio became negative due to negative shareholders' equity. Overall, the average Debt-to-Equity Ratio during the observation period was negative, indicating that the company's capital structure experienced significant financial deterioration.

According to Faradhila et al. (2024), the Debt-to-Equity Ratio evaluates the extent to which a company's operations are financed through debt relative to shareholders' equity. A ratio exceeding the industry benchmark indicates excessive reliance on debt financing and increases long-term financial risk. Therefore, the consistently high DER recorded between 2021 and 2023 suggests that PT Sentra Food Indonesia Tbk relied heavily on liabilities rather than equity to finance its operations. Such a financing structure increases fixed financial obligations and reduces the company's flexibility in responding to economic uncertainty.

Discussion

The results of this study demonstrate that the financial performance of PT Sentra Food Indonesia Tbk deteriorated consistently during the 2021–2025 observation period. This deterioration is reflected in both the liquidity and solvency indicators, which remained below the accepted industry benchmarks throughout most of the study period. The analysis shows that the company's financial condition weakened as current assets, cash balances, and total assets declined, while current liabilities and total liabilities increased substantially, particularly in 2024 and 2025. These changes eventually resulted in negative shareholders' equity during the final two years of observation, indicating a significant weakening of the company's financial position. The findings suggest that the financial difficulties experienced by the company were not temporary fluctuations but rather represented a structural decline in financial health.

The deterioration of the company's financial condition should also be interpreted within the broader context of the Indonesian food and beverage industry. Although the industry continued to contribute significantly to the national economy and recorded positive growth, companies simultaneously faced increasing production costs, inflationary pressures, global supply chain disruptions, fluctuating raw material prices, and tighter financing conditions. Under these circumstances, companies with inefficient working capital management became more vulnerable to liquidity constraints despite favorable industry growth. Consequently, sustainable financial performance depended not only on market expansion but also on management's ability to maintain adequate liquidity and an appropriate capital structure (Nirino et al., 2020).

From the liquidity perspective, the consistently low Current Ratio, Quick Ratio, and Cash Ratio indicate that PT Sentra Food Indonesia Tbk experienced persistent difficulties in meeting its short-term financial obligations. Liquidity ratios are designed to measure a company's ability to satisfy current liabilities using its available current assets and represent one of the primary indicators of short-term financial stability (Darmawan, 2020; Le Thi Kim et al., 2021; Rahman et al., 2024). The declining liquidity observed throughout the study period reflects the company's limited capacity to generate sufficient liquid resources for operational financing. As current assets continued to decrease while current liabilities remained relatively high, working capital became increasingly constrained, reducing financial flexibility and increasing dependence on external financing.

The temporary improvement in liquidity observed in 2023 appears to have resulted primarily from a reduction in current liabilities rather than a substantial improvement in current assets or cash holdings. However, this improvement proved unsustainable because current liabilities increased sharply during 2024 and 2025 while liquid assets continued to decline. Consequently, the company's liquidity ratios deteriorated further in the final years of the observation period. This pattern indicates that the company's liquidity problems were fundamentally caused by an imbalance between available current assets and short-term obligations rather than temporary operational fluctuations.

Among the three liquidity indicators, the Cash Ratio presents the most critical evidence of financial weakness. The company's cash holdings remained substantially below the level required to cover current liabilities throughout the observation period. This finding suggests that the company possessed very limited immediately available funds to satisfy short-term obligations without relying on receivables, inventories, or external financing. A persistently low Cash Ratio may reduce creditors' confidence, increase financing costs, and limit the company's ability to respond to unexpected financial shocks. Therefore, strengthening operating cash flow and improving cash management should become strategic priorities to restore short-term financial stability (Türegün, 2022).

These findings support the arguments proposed by Darmawan, (2020), who states that declining liquidity reflects ineffective working capital management and limited financial flexibility. Similarly, Asniwati (2020) argues that companies with inadequate liquidity generally experience greater difficulty in maintaining operational continuity because they cannot readily fulfill current obligations. The present findings are also consistent with Widianingrum et al. (2024) who concluded that weak liquidity ratios increase the likelihood of financial distress and reduce a company's ability to sustain business operations. Likewise, Agustine (2021) emphasized that maintaining adequate liquidity is essential for ensuring business continuity and supporting long-term operational performance.

The solvency analysis further confirms the weakening financial condition of PT Sentra Food Indonesia Tbk. Throughout the observation period, the Debt-to-Asset Ratio remained considerably above the industry benchmark, indicating that a substantial proportion of the company's assets was financed through liabilities. This condition suggests that debt became the primary source of corporate financing, thereby increasing financial leverage and exposing the company to higher long-term financial risk. According to Faradhila et al. (2024), a high Debt-to-Asset Ratio indicates excessive dependence on debt financing, while Indriastuti & Ruslim (2020) explain that solvency ratios measure a company's capacity to fulfill both short-term and long-term obligations under normal and distressed financial conditions. Therefore, the consistently high Debt-to-Asset Ratio demonstrates that the company's capital structure became increasingly vulnerable throughout the observation period.

An even more critical issue emerged from the Debt-to-Equity Ratio analysis. Although the ratio already exceeded the industry benchmark during 2021–2023, the company's financial condition deteriorated significantly when shareholders' equity became negative in 2024 and 2025. Negative equity occurred because accumulated liabilities exceeded total assets, indicating that shareholders' capital had been completely eroded. This condition represents one of the strongest indicators of financial distress because the company no longer possessed sufficient net assets to support its outstanding obligations. Consequently, the negative Debt-to-Equity Ratio should not be interpreted as an improvement but rather as evidence of severe deterioration in the company's capital structure and financial sustainability.

The emergence of negative equity reflects the combined effects of declining assets and increasing liabilities over time. The company's inability to maintain asset growth while debt obligations continued to expand gradually reduced shareholders' equity until it eventually became negative. Such conditions substantially increase financial risk because creditors may perceive the company as having limited repayment capacity, whereas investors may interpret negative equity as an indication of declining firm value and increasing uncertainty regarding future performance. If this condition persists, the company may encounter greater difficulty in obtaining additional financing, attracting new investors, and maintaining long-term business sustainability (Febidyliani, 2024; Giovani & Daryanto, 2020).

The findings regarding solvency are consistent with previous empirical studies. Widianingrum et al. (2024) reported that companies characterized by weak solvency ratios generally experience higher levels of financial distress and bankruptcy risk. Similarly, Barata et al. (2022) emphasized that maintaining a balanced relationship between debt and equity is essential for sustaining financial performance in manufacturing companies. These studies reinforce the conclusion that excessive financial leverage substantially weakens corporate financial resilience and increases long-term financial vulnerability.

When interpreted collectively, the liquidity and solvency analyses demonstrate that the financial problems experienced by PT Sentra Food Indonesia Tbk were closely interconnected. Declining liquidity reduced the company's ability to finance routine operations and satisfy short-term obligations, while increasing debt obligations placed additional pressure on cash flows and further weakened liquidity. Conversely, limited liquidity may have encouraged greater reliance on external financing, thereby increasing leverage and deteriorating solvency. This cyclical relationship explains why the company's financial condition continued to deteriorate throughout the observation period rather than showing signs of sustainable recovery.

From a theoretical perspective, this study strengthens financial ratio theory by demonstrating that liquidity and solvency should not be evaluated independently when assessing corporate financial performance. Instead, both dimensions interact and jointly determine a company's financial stability. The findings confirm that deteriorating liquidity is frequently accompanied by weakening solvency because declining working capital eventually increases dependence on debt financing and accelerates the erosion of shareholders' equity. Therefore, comprehensive financial ratio analysis provides a more reliable assessment of corporate financial health than evaluating individual financial ratios separately.

From a practical perspective, the findings provide important implications for corporate management, investors, and creditors. For management, the results indicate the necessity of improving working capital management, strengthening cash flow generation, optimizing inventory and receivable management, restructuring debt obligations, and restoring shareholders' equity through improved profitability and more balanced financing policies. For investors and creditors, the findings highlight the importance of continuously monitoring liquidity and solvency ratios as early warning indicators of financial distress before making investment and lending decisions. Regular evaluation of these ratios may facilitate more effective financial decision-making and contribute to improved corporate sustainability. Overall, this study demonstrates that simultaneous evaluation of liquidity and solvency provides a comprehensive assessment of corporate financial performance. The case of PT Sentra Food Indonesia Tbk illustrates that persistent weaknesses in short-term liquidity eventually affect long-term solvency, leading to deterioration in capital structure and increasing financial risk. Accordingly, financial ratio analysis remains an essential analytical tool for management, investors, creditors, and other stakeholders in evaluating corporate financial health and supporting strategic decision-making aimed at achieving long-term business sustainability.

CONCLUSION

This study aimed to evaluate the financial performance of PT Sentra Food Indonesia Tbk during the 2021–2025 period by analyzing liquidity and solvency ratios based on the company's published financial statements. The findings demonstrate that the company's financial performance deteriorated throughout the observation period. From the liquidity perspective, the Current Ratio, Quick Ratio, and Cash Ratio consistently remained below the accepted industry benchmarks, indicating that the company experienced persistent difficulties in fulfilling its short-term financial obligations due to declining current assets, limited cash availability, and weak working capital management. From the solvency perspective, both the Debt-to-Asset Ratio and Debt-to-Equity Ratio indicate that the company's capital structure became increasingly unhealthy because debt financing exceeded the recommended industry level. Furthermore, the emergence of negative shareholders' equity in 2024 and 2025 reflects severe financial deterioration and indicates that the company's financial difficulties extended beyond short-term liquidity problems to long-term capital sustainability. Accordingly, the findings answer the research objective by demonstrating that PT Sentra Food Indonesia Tbk exhibited weak financial performance throughout the 2021–2025 period, as reflected by poor liquidity and high financial leverage.

The findings contribute theoretically by reinforcing the importance of evaluating liquidity and solvency simultaneously when assessing corporate financial performance. The study demonstrates that deterioration in short-term liquidity is closely associated with weakening solvency, thereby supporting financial ratio theory that emphasizes the interdependence of financial indicators in measuring corporate financial health. Rather than relying on a single ratio, comprehensive financial ratio analysis provides a more accurate understanding of a company's financial condition and long-term sustainability. Practically, the findings provide useful information for corporate management, investors, creditors, and other stakeholders. For management, the results may serve as an evaluation tool in improving working capital management, strengthening cash flow, restructuring debt, and restoring shareholders' equity through sustainable financing strategies. For investors and creditors, the findings provide important early warning information regarding the company's financial risk before making investment or lending decisions.

This study has several limitations. First, the analysis is limited to one publicly listed company within the Indonesian food and beverage industry, which restricts the generalizability of the findings to other companies or industrial sectors. Second, the study evaluates financial performance solely through liquidity and solvency ratios using secondary data derived from published financial statements. Consequently, other important dimensions of financial performance, such as profitability, efficiency, activity, and market performance, were not incorporated into the analysis. Third, although the observation period covers five consecutive years, the analysis does not explicitly consider the influence of macroeconomic conditions, industry competition, or corporate strategic decisions that may also affect financial performance.

Based on these limitations, future research is encouraged to include additional financial performance indicators, such as profitability, activity, efficiency, and market ratios, in order to provide a more comprehensive evaluation of corporate performance. Future studies may also employ comparative analyses involving several companies within the food and beverage industry or across different industrial sectors to improve the generalizability of the findings. In addition, extending the observation period and integrating macroeconomic variables or corporate governance indicators may provide deeper insights into the factors influencing corporate financial sustainability. Such developments are expected to enrich the empirical literature on financial performance evaluation and provide stronger evidence for managerial and investment decision-making.

REFERENCES

Agustine, C. (2021). Analisis Rasio Likuiditas, Rasio Profitabilitas, Dan Rasio Solvabilitas Untuk Menilai Kinerja Keuangan Perusahaan Pada PT. Surya Toto Indonesia Tbk Periode 2010-2018. *AKADEMIK: Jurnal Mahasiswa Ekonomi & Bisnis*, *1*(2), 68–76.

A'la Alrahim, A., & Wibowo, P. (2022). Analisis manfaat laporan keuangan berbasis AKRUAL dalam pengambilan keputusan di Pemerintah Kabupaten Bantaeng. *Jae (Jurnal Akuntansi Dan Ekonomi)*, *7*(3), 80–93.

Asniwati, A. (2020). Pengaruh rasio likuiditas, solvabilitas, dan profitabilitas terhadap kinerja keuangan pada PT. Midi Utama Indonesia Tbk yang terdaftar di Bursa Efek Indonesia. *Jurnal Economix*, *8*(1), 246–257.

Barata, D. D., Nainggolan, F., Prabowo, M. I., & Febiola, B. (2022). Analisis Kinerja Keuangan Pada Perusahaan Manufaktur Di Bidang Industri Barang Konsumsi. *Journal of Global Business and Management Review*, *4*(2), 91.

Boonvorachote, T., & Sakulveeraphan, R. (2018). Financial Performance in Thai Food Industry. *KnE Life Sciences*, *4*(2), 277. https://doi.org/10.18502/kls.v4i2.1682

Darmawan, M. (2020). *Dasar-dasar memahami rasio dan laporan keuangan*. Uny Press.

Dharma, B., Ramadhani, Y., & Reitandi, R. (2024). Pentingnya laporan keuangan untuk menilai kinerja suatu perusahaan. *El-Mujtama: Jurnal Pengabdian Masyarakat*, *4*(1), 137–143.

Faradhila, E. D., Romi, K., Rosita, C., Febrianto, M., & Hanifa, R. (2024). Analisis Rasio Profitabilitas, Ekuitas dan Solvabilitas Pada PT Bank Woori Saudara Tbk (Periode 2018-2022). *Jurnal Ekonomi Bisnis, Manajemen Dan Akuntansi*, *3*(2), 375–390.

Febidyliani, A. (2024). Financial performance analysis of Chandra Asri Petrochemical 2020-2022 period. *ASIAN JOURNAL OF ECONOMICS*, *3*(1), 440–445.

Fenyves, V., Bács, Z., Karnai, L., Nagy, A., & Tarnóczi, T. (2018). Financial performance measurement of hungarian retail food companies. *Contemporary Economics*, *12*(4 Special Issue), 459–472. https://doi.org/10.5709/ce.1897-9254.290

Fenyves, V., Zsido, K. E., Bircea, I., & Tarnoczi, T. (2020). Financial performance of Hungarian and Romanian retail food small businesses. *British Food Journal*, *122*(11), 3451–3471. https://doi.org/10.1108/BFJ-05-2019-0330

Giovani, M., & Daryanto, W. M. (2020). MEASURING AND ANALYSING FINANCIAL PERFORMANCE OF COAL MINING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE BEFORE

AND AFTER THE IMPLEMENTATION OF FAST TRACK PROGRAM 35.000 MEGAWATT OF 2016. *South East Asia Journal of Contemporary Business, Economics and Law*, *21*(2), 9–25.

Hartati, S. I., Kalsum, U., & Kosim, B. (2022). Perbedaan kinerja keuangan sebelum dan sesudah pandemi Covid-19 pada perusahaan sektor kesehatan yang terdaftar di BEI. *Journal of Management: Small and Medium Enterprises (SMEs)*, *15*(2), 137–155.

Indriastuti, A. M., & Ruslim, H. (2020). Pengaruh Rasio Likuiditas, Rasio Solvabilitas, dan Rasio Aktivitas terhadap Kinerja Keuangan Perusahaan. *Jurnal Manajerial Dan Kewirausahaan*, *2*(4), 855–862.

Kalogeras, N., Baourakis, G., Zopounidis, C., & Van Dijk, G. (2005). Evaluating the financial performance of agri-food firms: A multicriteria decision-aid approach. *Journal of Food Engineering*, *70*(3), 365–371. https://doi.org/10.1016/j.jfoodeng.2004.01.039

Khodijah, K., Suryati, A., Wiyani, N. T., & Berliana, M. (2024). Pengaruh Struktur Modal, Ukuran Perusahaan, dan Profitabilitas terhadap Nilai Perusahaan pada Perusahaan Sub Sektor Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia (BEI) Tahun 2021-2023. *Sosio E-Kons*, *16*(3), 227. https://doi.org/10.30998/sosioekons.v16i3.25759

Le Thi Kim, N., Duvernay, D., & Le Thanh, H. (2021). Determinants of financial performance of listed firms manufacturing food products in Vietnam: regression analysis and Blinder–Oaxaca decomposition analysis. *Journal of Economics and Development*, *23*(3), 267–283. https://doi.org/10.1108/JED-09-2020-0130

Lo, S.-F., & Lu, W.-M. (2009). An integrated performance evaluation of financial holding companies in Taiwan. *European Journal of Operational Research*, *198*(1), 341–350.

Ministry of Industry of the Republic of Indonesia. (2026). *Food and Beverage Industry in the First Quarter of 2026*.

Misnawati, M. (2021). Analisis Laporan Keuangan untuk Menilai Kinerja Keuangan pada PT. Nasrum Djam Gasindo. *Jurnal Ilmiah Dikdaya*, *11*(2), 193–200.

Narulita, A., & Manda, G. S. (2024). Pengaruh ROA dan DER terhadap Harga Saham pada Perusahaan Kosmetik yang Terdaftar di Bursa Efek Indonesia Periode 2019-2022. *Sosio E-Kons*, *16*(1), 1. https://doi.org/10.30998/sosioekons.v16i1.21169

Nirino, N., Miglietta, N., & Salvi, A. (2020). The impact of corporate social responsibility on firms' financial performance, evidence from the food and beverage industry. *British Food Journal*, *122*(1), 1–13. https://doi.org/10.1108/BFJ-07-2019-0503

Nurlaela, N., & Haryono, S. (2024). Analisis Rasio Profitabilitas sebagai Indikator Investasi Portofolio dan Implikasinya bagi Investor: Studi Kasus Saham Infobank15. *Sosio E-Kons*, *16*(1), 65. https://doi.org/10.30998/sosioekons.v16i1.22670

Omidi, F., & Shafiee, M. M. (2018). The impact of corporate social responsibility on social performance, financial performance and customer reactions in the food industry. In *Int. J. Business Innovation and Research* (Vol. 17, Number 2). https://ssrn.com/abstract=3791558

Partalidou, X., Zafeiriou, E., Giannarakis, G., & Sariannidis, N. (2020). The effect of corporate social responsibility performance on financial performance: the case of food industry. *Benchmarking*, *27*(10), 2701–2720. https://doi.org/10.1108/BIJ-11-2019-0501

Prabowo, S. C. B., & Korsakul, N. (2020). Analysis of financial performance of mining companies listed in indonesia stock exchange. *Jurnal Aplikasi Manajemen*, *18*(1), 28–45.

Pratama, S. (2017). Measuring Financial Performance of PT. Pos Indonesia during The E-Commerce Booming. *International Journal of Business Studies*, *1*(1), 32–40.

Rahman, M. M., Ahmad, Z., Mokal, M. N., Aziz, M. F., & Khotib, N. A. M. (2024). GREEN SUSTAINABILITY AND FINANCIAL PERFORMANCE OF HALAL FOOD COMPANIES: EVIDENCE OF MALAYSIA. *Journal of Islamic Monetary Economics and Finance*, *10*(4), 709–734. https://doi.org/10.21098/jimf.v10i4.2003

Rodrigues, L., & Rodrigues, L. (2018). Economic-financial performance of the Brazilian sugarcane energy industry: An empirical evaluation using financial ratio, cluster and discriminant analysis. *Biomass and Bioenergy*, *108*, 289–296. https://doi.org/10.1016/j.biombioe.2017.11.013

Saputera, D., Saudi, M. H., & Sinaga, O. (2021). Analysis Of Financial Performance On Profit In The Food And Beverages Sub Sector Company. In *Turkish Journal of Computer and Mathematics Education* (Vol. 12, Number 8).

Türegün, N. (2022). Financial performance evaluation by multi-criteria decision-making techniques. *Heliyon*, *8*(5). https://doi.org/10.1016/j.heliyon.2022.e09361

Widianingrum, E., Suryani, R., & Ilmaknun, L. (2024). Financial performance analysis reviewed from liquidity, solvency and profitability aspects. *Jurnal Ilmiah Akuntansi Kesatuan*.