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Cash Flow Analysis in Assessing Business Liquidity: A Case Study of Joejoe Creative in Garut Regency

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ABSTRACT

Small and Medium Enterprises (SMEs) play an important role in local economic development, yet many face challenges in cash management that may affect liquidity and business continuity. This study aims to analyze the 2025 cash flow of Joejoe Creative, an SME in Garut Regency, and to assess its liquidity condition using a quantitative descriptive case-study approach. The analysis applies the indirect method under PSAK 207 (formerly PSAK 2) and evaluates operating, investing, and financing cash flows, free cash flow, the operating-cash-flow-to-net-income ratio, investment-to-operating-cash-flow ratio, free-cash-flow-to-operating-cash-flow ratio, and cash growth. Current ratio and cash ratio are not calculated because the financial statements report zero current liabilities, which makes those ratios not meaningful for this case. The results show positive operating cash flow of Rp785,274,053, investment cash outflow of Rp49,431,912, no financing cash flow, and positive free cash flow of Rp735,842,141. Cash increased from Rp585,218,159 to Rp1,321,060,300 during 2025. These findings indicate strong internal cash generation, substantial liquidity reserves, and the ability to finance recorded investment from internally generated cash. The results are descriptive for the 2025 period and should not be interpreted as a statistical prediction of future liquidity.

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INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) is the main foundation in Indonesia's Economy. According to the information from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% of the Gross Domestik Bruto (GDP) and absorb aroun 97% of national labor force (Ministry of Cooperatives and SMEs of Republic Indonesia, 2024). These strategic role make the MSMEs as a crucial sector in developing economic resilience, especially in the area such as Garut Regency. As a regency with increasing amount of MSMEs development, Garut shows huge potential to develop economic based on small businesses (Wulandari, 2020). Although it has an essential role, MSMEs still face several structural and managerial difficulties. One of the most basic issues and is commonly faced is poor cash flow management. A lot of MSMEs have not implemented an adequate financial record system, therefore it is difficult to monitor cash inflow and outflow. This condition makes the business owners face difficulties to assess cash availability for operational, fulfill short terms obligation or to invest for developing business (Alkamalat, et, al, 2024; Amaliyah, 2024). Ineffective cash flow management directly affect business liquidity. A lot of MSMEs Have failed, not because i tis not profitable in operational, but the incompetent of managing the cash well. It shows the importance of predicting and controlling cash flow as the basis for proper cash decision-making (Brigham, et, al, 2018;

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Darnida, 2025). The lack of understanding and implementation of cash flow analysis also hinder the MSMEs in anticipating financial risks, especially in facing market demand fluctuation, increasing production cost, or delayed payment from the consumers. Therefore, cash flow analysis becomse the vital tool in evaluating financial health and liquidity in a business (Laghari et al., 2023; Przychocka et al., 2024). This research is focused on Joejoe Creative MSME in Garut Regency as a case example that represents general condition of the local MSMEs. This research used cash flow analysis approach which focused on three main activities, such as operational, investment, and funding activities, to assess how the pattern and adequacy of cash flows relate to the observed liquidity condition. Moreover, this research also aims to give strategic recommendation that could be used to develop cash management to be better (Khaled et al., 2025; Seretidou & Apostolopoulos, 2025).

METHODS

This study uses a quantitative descriptive case-study design to describe the cash-flow and liquidity condition of Joejoe Creative based on its 2025 financial records. The case and documents were selected purposively because Joejoe Creative is an active SME in Garut Regency, the 2025 financial statements and supporting records were available for analysis, and the available data were sufficient to reconstruct and reconcile operating, investing, and financing cash flows. The unit of analysis consists of the 2025 statement of financial position, income statement, cash-flow information, and supporting accounting documents. The use of one fiscal year is intended to provide an in-depth period-specific case assessment rather than a time-series prediction; therefore, the findings are interpreted as descriptive evidence for 2025 and are not generalized as forecasts of future liquidity.

Data were collected through documentation and literature review. Before analysis, the financial data were validated by (1) reconciling net income used in the indirect cash-flow method with the income statement, (2) reconciling beginning and ending cash with the statement of financial position, (3) tracing changes in fixed assets to recorded capital expenditure, (4) recalculating depreciation and working-capital adjustments, and (5) verifying the classification of cash flows into operating, investing, and financing activities. The cash-flow statement was analyzed using the indirect method in accordance with PSAK 207: Statement of Cash Flows (formerly PSAK 2), under which profit is adjusted for non-cash items and changes in operating working capital (Ikatan Akuntan Indonesia, 2024). The quantitative indicators are calculated as follows: Operating Cash Flow (OCF) = net income + non-cash adjustments ± changes in operating working capital; Free Cash Flow (FCF) = OCF − capital expenditure; Quality of Earnings = OCF / net income; Investment-to-OCF Ratio = capital expenditure / OCF × 100%; FCF-to-OCF Ratio = FCF / OCF × 100%; and Cash Growth = (ending cash − beginning cash) / beginning cash × 100%. These indicators are used to assess whether operating activities generate sufficient cash, whether investment can be financed internally, and whether cash reserves increased during the period.

Liquidity is assessed through the consistency and adequacy of operating cash flow, free cash flow, cash balance, cash growth, and the financing pattern. Current ratio and cash ratio are not calculated because the 2025 statement of financial position reports zero current liabilities; a ratio with a zero denominator would be undefined or economically uninformative. Accordingly, this study does not claim to measure actual debt-paying capacity through current-liability ratios, but evaluates the observed cash and liquidity position based on reported cash flows and balances.

RESULTS AND DISCUSSION

Cash Flow Analysis

Operational Cash Flow Analysis

Cash flow from operational activity is the main indikator to evaluate Joejoe Creative's capability in generating cash from business activity. In 2025, Joejoe Creative recorded net profit for the period is Rp702.066.608. In makin cash flow report with indirect method, net profit subsequently changed in accordance with the expenses that are not using cash, such as fixed asset depreciation. Depreciation expense includes machine depreciation for Rp19.906.875, building depreciation for Rp60.000.000, vehicles depreciation for Rp36.600.000, and office supplies depreciation for Rp12.268.750. Therefore, total of depreciation with depreciation restored to profit is Rp128.775.625.

Additional depreciation expense was done because depreciation is an expense in accountancy that reduce the amount of profit, but it does not cause money outflow from the company in certain period. After adding net profit with the total of depreciation expense, cash flow before there is change in working capital reached Rp830.842.233. This amount showed that in operational, before calculating change in current assets, the capability of Joejoe Creative in generating cash from business activity is pretty well

Then, there is an increase of the tools production cash balance for Rp45.568.180. The increase tools production is considered as the factor that decrease operational cash flow because it showed that fund is used to buil dup assets that are used in operational. Therefore, the fund from operational activity is decreased because there is an increasing value of the tools. After considering the increase of tools production, net cash flow obtained from operational activity in 2025 reached Rp785.274.053.

Operational cashflow value reached Rp785.274.053, which showed that business condition of Joejoe Creative is incredibly positive. It means the main company's operational is not only produced profit according to the financial report, but also could make enough cash. This condition is crucial for MSMEs because business continuity does not only depend on profit, but also company's capability to make cash to fund various daily needs, such as ingredients purchasing, workers' salary, electricity, water, internet bill, and other operational needs.

If i tis compared to net profit that reached Rp702.066.608, operational cash flow of Joejoe Creative is higher, which is Rp83.207.445. The difference is positive. It is mainly caused by depreciation expense adjustment of non-cash assets. This condition showed that the profit of the company is supported by a good cash fund. To make it simple, net profit of Joejoe Creative is not only come from recorded profit that is written from an accounting perspective, but also showed capability of the company in making money from daily operational activity.

Investment Cash Flow Analysis

Cashflow from investment shows how a company use cash to buy or sell assets that are used in daily activities. In 2025, Joejoe Creative had negative cash flow from investment activity for Rp49.431.912. Cash outflow happened because of the payment of machine for Rp42.871.312 and building for Rp6.560.600. Thus, all of the invesment cashflow in 2025 was allocated for additional asset that still support company's operational activity.

A negative cash flow value of investment does not automatically mean the condition is rough. In Joejoe Creative context, negative cash flow of investment showed there was a business development activity. The company used half of the cash fund to increase asset utilization, especially machine, which could help increasing production capability, accelerate working process, and increase capability to fulfill customer's order. Moreover, there is also an investment on a building which showed that the company strengthen itself in physical utilization in various business activities.

If it compared to the operational cash flow for Rp785.274.053, the cash amount used for investment activity for Rp49.431.912 is considered relatively small. It means the investment asset that is still done by the company could still be funded from the cash obtained from the operational activity. It means, Joejoe Creative does not have to apply for a loan or look for additional cash to fund the investment.

From the perspective of MSMEs finance management, the capability of asset purchase funding that is still come from operational cash flow is a positive signal. Business activity does not only fulfil daily operational needs, but also could be used to provide fund in order to build long term assets. If machine and building are utilized well to improve work output, widen company's capability, or improve services and goods quality, hence the investment in the asset could give profit for economy for a long term.

However, asset investment still has to be analysed with certain method. Be careful. Machine purchasing for Rp 42.871.312 must be connected to real operational need in the company such as increase of production volume, old machine replacement, or improve production efficienct. As well as adding extra building for Rp 6.560.600 is needed to confirm the benefit itself directly to business activity. If the investment is not followed by the increasing of productivity or income, then the asset still could be a financial expense through depreciation in the next period.

Proportionally, investment cash flow Joejoe Creative 2025 showed a healthy pattern because the investment was done in controllable amount and still far from the capability of operational cash flow. Negative investment cash flow for Rp. 49.431.912 does not depress company's liquidity significantly because the still recorded an improvement of net profit at the end of period. This showed that the company still capable to maintain balance among operational, investment, and cash availability.

Investment Ratio Analysis on Operational Cash Flow

Calculating :

Rp 49.431.912 ± Rp 785.274.053 = 6,29%

Interpretation:

Asset and investment that was done by Joejoe Creative it's only 6.29% from the operational cash flow that was made during 2025. They showed that the company's investment needs is relatively small compared to the cash making capability from operational activity, which indicated that the companies capacity itself is adequate in internal funding to support asset expansion without disturbing business liquidity.

Connection to Sustainability

Overall, the cashflow from investment activity of Joejoe Creative in 2025 showed a health and controlled investment pattern. Cash outflow for Rp49.431.912 is used for purchasing machine and adding additioal building that was designed specifically to support comapny's operational activity. The investment value is only 6,29% from the operational cashflow that was made during 2025 period, therefore it did not create pressure on company's liquidity. Moreover, all of needed investment could be funded by internal cash without relying on loan or additional external capital. This condition showed that the company has an excellent capability both in supporting business development through productive investment, and also maintain finance stability and operational sustainability in future period.

Funding Cash Flow Analysis

Cash flow from funding source showed cash inflow and cash outflow related to the company that recieve cash, whether it is from the company owner or from the third party who gives loan. Activity funding usually include paid-in capital, additional loan, debt instalments payment, profit sharing payment, or personal withdrawal by the owner. In 2025, Joejoe Creative did not record cash inflow and cash outflow from activity funding, therefore the amount of net fund flow from activity funding is Rp0.

The absence of cash flow from activity funding showed that in 2025 Joejoe Creative did not accept additional capital from the owner, did not get new loan, and did not make obligatory funding payment. This condition is also in line with company's balance which showed the absence of current liabilities and liability maturity that are reported at the end of the period. Therefore, the company's funding structure in 2025 was fully based on the owner's capital and accumulation of profit made from the business activity.

From the perspective of cash flow analysis, Rp0 cash flow funding condition could be interpreted positively because it showed that the company did not depend on external funding to support business activity and fixed asset investment. Machine purchasing and adding additional building that was done in 2025 could be funded from the business activity. This reflects independence of company's finance, especially in MSMEs context that regularly face limited access on formal funding.

In MSMEs management context, cash flow management reach Rp0 could show a conservative financial structure. The company chose to not use external funding and tended to result of operational to fund its activities. This strategy could lower financial risks because the compay is not burdened with loan or interest installment. But, a too conservative strategy is also could limit the development pace if a business need more investment from internal cash capacity.

If it is linked with positive operational cash flow for Rp785.274.053 and negative investment cash flow for Rp49.431.912, the absence of funding cash flow showed that Joejoe Creative is in sufficient cash position. The company could fund necessary investmen without applying cash loan or asking additional capital. After funding investment, the company still record significant improvement in net cash, therefore zero funding activity does not raise pressure on company's liquidity.

From funding condition structure perspective, it showed that Joejoe Creative applied funding pattern based on internal funding, which used retained profit and operational cashflow as the main funding source for the business. This strategy gives advantage in a low risk funding form because the company does not have its own obligation, interest payment, and loan installment.

Free Cash Flow Analysis

Free cash flow is the amount of cash flow that shows remaining cash in total after company's finance needs for investment and operational asset. In this analysis, free cash flow is calculated by reducing investment cash flow or capital expenditure from operational activity for Rp 785.274.053, whereas the cash outflow for investment activity is Rp 49.431.912. Thus, the free cashflow of Joejoe Creative in 2025 is Rp 735.842.141.

Free cash flow value for Rp. 735.842.141 shows that after all of funding for investment such as machine purchase and additional building, Joejoe Creative still has free cash in sufficient amount. This condition represents that the company is not only capable to make cash from operational activity, but also could maintain the cash surplus after fulfilling remaining asset development needs. For MSMEs, this condition is crucial since positive free cash flow shows a space for funding business continuity, strengthen work capital, and face unexpected cash expense.

Positive free cash flow also shows that the investment company does not take issue with liquidity. Even though Joejoe Creative still bought asset for Rp 49.431.912, the amount is still far smaller compared to operational cash flow made during 2025 period. It shows that investment activity is still within company's financial capability limit. On other words, the company could develop the asset productively without sacrificing stability of operational cash.

If it is compared to the profit for Rp702.066.608, free cash flow of Joejoe Creative is Rp735.842.141 and even at higher level. It shows that the profit made by the company has a strong supporting cash after calculating necessary investment. This condition strengthen evaluation that the financial performance of Joejoe Creative is not only well in accountancy, but also in capability and maintaining cash.

From MSMEs management perspective, positive free cash flow gives funding flexibility for the company. Free cash flow give funding flexibility for the company. To support operational, business development, strengthen work capital, and build cash proposal to face uncertainty in the future. But, the utilization of free cash flow is still carefully managed to ensure it does not bother business operational and development plan in long-term.

Moreover, a strong free cash flow shows that Joejoe Creative has capability to grow without relying on external funding. The company did not record the existence of funding cash flow during 2025 period, but still could produce a significant free cash flow after funding investment. This situation shows that the main cause of company development is interna operational capability, not from additional loan or external capital.

To strengthen free cash flow analysis, free cash flow and operational cash flow are compared. The result of calculation showed that the ratio of free cash flow on operatinoal cash flow reach 93,71% which obtained from the distribution of free cash flow for Rp735.842.141 with operational cas flow for Rp785.274.053. This very high ratio shows that some of the cash amount which is made from operational activity still could be maintained after the company fulfill investment needs. This condition shows that investment that was done by the company is still in health capability limit and there is no financial pressure on liquidity. Therefore, Joejoe Creative has excellent flexibility and financial to support operational and business development in the future.

MSMEs Performance Analysis

Cash Flow Health Analysis

Cash flow health is one of the most crucial indikator in evaluating MSMEs capability to maintain operational activity, fund business needs, and maintain business continuity for short and long term. For MSMEs, cash flow has vital role because business continuity does not only depend on the amount of reported profit, but also on business capability to make, manage, and maintain cash. In Joejoe Creative context, cash flow health analysis in 2025 could be seen from capability of the company to produce positive operational cash flow, fund investmen, does not rely on external fund, and improve cash balance at the end of period.

In 2025, Joejoe Creatice recorded net profit from operational activity for Rp785.274.053. This amount showed that the company's main activity could make sufficient amount of cash. A positive operational cash flow becoms a signal that selling activities and operational of the company is productively done and could also result an adequate cash income to support business needs. This condition is vital form MSMEs as the operational cash flow is the main source to fund routine expenses, such as material purchase, salary payment, utility output, delivery cost, and several other operatinal needs.

Cash flow health of Joejoe Creative is also seen from its capability to fund investment asset without using loan or additional external capital. In 2025, the company recorded cash outflow from investment activity is Rp 49.431.912 which is used for purchasing machine and adding additional building. Even though there is a cash outfloe for investment, but the amount is still far smaller if i tis compared to operational cash flow that was made. I tis shows that the company investment is still under capability limit, healthy, and does not have any financial difficulties that could hinder operational continuity.

Other than that, Joejoe Creative did not record a cash flow from activity funding in 2025. The absence of additional capital, new loan, and loan payment shows that the company does not rely on external fund in its business activity. This condition strengthen indication that the company cash flow is in healthy condition because all of operational and investment needs could be fulfilled from the cash made internally. For MSMEs, independence of fund is important because it could lower risks of finance consequence, loan burden, or obligation interest payment.

From the side of cash balance, cash flow health of Joejoe Creative is also represented from the increase of cash balance and it is equivalents during 2025 period. Cash balance increased from Rp585.218.159 in the beginning of the year to Rp1.321.060.300 at the end of the year, therefore there is an increasing of net cash balance for Rp735.842.141. This shows that after operational and investment finance activity, the company still able to improve cash reserve significantly. This condition gives a room for strong liquidity for the company to face sudden cash needs, selling fluctuation, increase of material standard funding, or needs to develop business in the future.

Cash flow health is also could be seen from positive free cash flow for Rp735.842.141. Free cash flow shows that after the company fulfills asset investment needs, there is still free cash that could be used to strengthen work capital, maintain cash reserve, or promote further business development. A positive and big amount of free cash shows that Joejoe Creative is not only capable to make cash from operational, but also has flexibility and good finance after finance investment.

If it is seen from cash flow pattern, Joejoe Creative shows a healthy pattern, which is positive operatinoal cash flow, negative investment cash flow, and zero funding cash flow. This pattern could be interpreted as a business condition that could produce cash especially from activity, using cash for productive asset investment, and does not rely on external funding. In cash flow analysism this pattern commonly represents business in strong operational condition and has a good development direction, because the cash resulted from business activity is used to support investment without adding obligation burden. However, a healthy cash flow still should be balanced with smart cash management. Joejoe Creative needs to ensure the increasing of big cash balance does not only reserve passively, but is also managed to support operational needs, strengthen work capital, and develop measurable efforts. Moreover the improve of production tools for Rp 45.568.180 is needed to make the cash does not trapped in asset operational that has not optimally utilized. Tools management, cash needs plan, and measured transaction record become important aspects to maintain cash flow health in future period.

To strengthen cash flow health evaluation, it also could be seen from the cash balance grow in 2025. Cash balance and cash equivalent increased from Rp585.218.159 in the beginning of the year to Rp1.321.060.300 at the end of the year, or increased for 125,74%. A significant cash grow shows that the company does not only capable to make cash from operational activity, but also could maintain partial cash amount after fulfilling investment needs. This conditional represents capacity, well liquidity, and gives more room for the company to face operational risk and opportunity for business development in the future.

Investment Analysis Capability

The investment capability is one of important aspects in evaluating finance performance of MSMEs, because it shows how far the company is capable to use result cash to support asset productivity developmeny without bothering operational stability. In Joejoe Creative context, investment capability could be analyzed from the relation among operational cash flow, investment cash flow, free cash flow, and cash balance at the end of period. It is important because a healthy MSME is not only has excellent operational finance activity everyday, but also has capacity to do improvement for investment asset that could support business development in the next period.

In 2025, Joejoe Creative recorded net cash flow from operational activity for Rp785.274.053. Meanwhile, the cash outflow ftom investment activity is recorded for Rp49.431.912, which consists of machine purchas for Rp42.871.312 and add additional building for Rp6.560.600. The investment shows that the company adds asset related to operational activity. Machine purchase could be understood as an effort to improve or maintain production capacity, meanwhile additional building shows strengthen business existence.

Joejoe Creative investment capability is strong because the investment asset value is still far smaller if it is compared to operational cash flow result. If it is compared with operational cash flow for Rp785.274.053, the investment of Rp49.431.912 only represents 6,29% from operational cash flow. This ratio shows that the company only use small part of the operational cash flow to fund investment asset. Therefore, the investment that was done does not emerge huge pressure on liquidity and does not disturb company's capability in fulfilling daily operational needs.

Other than that, after asset investment funding, Joejoe Creative still has free cash flow for Rp735.842.141. This amount shows that the company still has highly adequate free cash flow after investment expense. A great and positive free cash flow becomes the indikator that investment of the company is still in healthy condition, because investment could be done without using the whole cash made from operational activity. This condition gives flexibility for the company to maintain work capital, form cash reserve, and consider business development to be continued in the subsequent period. Investment capability could be seen from the fact that there is no external funding requirement in 2025. Joejoe Creative does not record the existence of new loan, additional capital, and other funding activities. It shows that the investment asset still could be fully funded from internal funding source, especially from the cash made from operational activity. In MSMEs context, this condition is a positive indicator because the company could develop asset productivity without adding liability burden or payment risk from external fund.

From business strategy perspective, investment on machine and building support business sustainability if the asset used effectively to improve productivity, production capacity, work efficiency, or service quality. However, the company still need to ensure that every fixed asset investment give clear economic benefit. Investment expense should be based on measured operational needs, income increase projection, and capability to support production or service process. Without proper asset management, the asset potential will be a burden through depreciation without giving comparable performance improvement.

Investment capability of Joejoe Creative is also strengthen by the increase of end-year cash balance. Cash balance keep increasing from Rp585.218.159 in the beginning of the year to Rp1.321.060.300 at the end of the year, or increase for Rp735.842.141. Which means even though the company has fixed investment asset, cash position of the company is still significantly increased. This situation shows that investment that was done does not weaken the strength of company's cash, but keep in line with liquiditt increase.

To strengthen the investment analysis capability, it should be noted that finance investmen asset still at Rp49.431.912, the company still has free cash flow for Rp735.842.141. This condition shows that investment capacity in Joejoe Creative is still far bigger if it is compared to investment needed during 2025 period. Thusm the company has enough room to make additional investment in the following period without relying on external funding source. This capability shows a high financial flexibility and give more big opportunities for the company to support business expansion sustainably.

Liquidity Position in Relation to Reported Liabilities

The 2025 statement of financial position reports no accounts payable, current liabilities, or long-term liabilities. Consequently, an actual debt-paying ratio cannot be meaningfully evaluated for the period because there is no reported liability denominator against which cash or current assets can be compared. The absence of reported liabilities should therefore not be interpreted as evidence that the company has a "very strong" ability to repay debt; rather, it indicates that no debt-service pressure is reflected in the financial statements at the reporting date.

From a cash perspective, Joejoe Creative recorded operating cash flow of Rp785,274,053, free cash flow of Rp735,842,141, and ending cash of Rp1,321,060,300.

These figures indicate a substantial cash reserve and strong internal cash generation during 2025. They support the conclusion that the observed liquidity position is favorable, but they do not provide a direct measure of actual debt-service capacity because reported liabilities are zero.

The interpretation should also recognize a data-quality limitation. In MSME practice, obligations to suppliers, employees, utilities, taxes, or other parties may not always be fully captured in informal records. Accordingly, the conclusion is conditional on the completeness of the liability records supplied by the business. The study therefore recommends confirming that all obligations arising from 2025 transactions have been recorded before drawing conclusions about solvency or future payment capacity.

Based on the available records, the appropriate conclusion is that Joejoe Creative had no reported debt-service burden at 31 December 2025 and maintained a strong cash position. This finding reflects favorable liquidity reserves rather than a tested ability to repay existing debt. If liabilities arise in future periods, debt-paying capacity should be reassessed using the relevant liability balances and appropriate liquidity or cash-flow coverage ratios.

Owner's Withdrawal Analysis

Joejoe Creative is treated in this study as an owner-managed SME. Formal legal-form documentation was not included in the research dataset; therefore, the study does not assume that distributions to the owner constitute corporate dividends. To avoid a legal-form misclassification, the term “owner’s withdrawal” (prive) is used throughout this section. An owner’s withdrawal represents a distribution of business resources to the owner and should be recorded as a reduction of equity rather than as an operating expense.

No cash outflow related to owner’s withdrawal was reported in the 2025 financing cash flows. Accordingly, this analysis evaluates financial room for a potential withdrawal rather than an actual distribution made during the year. Joejoe Creative generated net income of Rp702,066,608, operating cash flow of Rp785,274,053, and free cash flow of Rp735,842,141. The positive free cash flow indicates that cash remained after recorded capital expenditure, but it does not imply that the entire amount was available for withdrawal.

Any owner’s withdrawal should be determined prudently after considering working-capital needs, planned investment, cash reserves, and business uncertainty. Ending cash of Rp1,321,060,300 provides financial flexibility, while the ratio of free cash flow to net income is 104.81% (Rp735,842,141 / Rp702,066,608). This indicates that reported profit was strongly supported by cash after capital expenditure. Nevertheless, the amount that can be withdrawn safely should be set through a cash-budget policy rather than equated automatically with free cash flow.

Thus, the 2025 data indicate substantial financial flexibility for a measured owner’s withdrawal, subject to adequate working capital and cash reserves. Because no actual withdrawal was reported and the formal legal form was not part of the dataset, the analysis is framed as potential financial flexibility rather than a conclusion about dividend-paying capacity.

Business Sustainability Analysis

Business sustainability or company sustainability is a capability of a company to maintain operational activity, make profit, maintain liquidity, fund investment, and manage financial risk in long-term. In MSMEs context, sustainability is not only considered by the capability to make profit, but also by capability of the company to maintain a healthy cash flow, maintain enough work capital, fund investment needs, and avoid over-reliance on external fund. Therefore, the sustainability analysis of Joejoe Creative in 2025 should be seen comprehensively from net profit, operational cash flow, free cash flow, final cash balance, and funding structure.

In 2025, Joejoe Creative recorded the profit for Rp702.066.608. Positive net profit show business activity of the company makes economy surplus alter calculating all of the company's expenses, including asset depreciation that is still the same. The profit is one of the early indicators that Teh business prospect itself has a good sustainability. However, profit only is not enough to evaluate sustainability, because in MSMEs practice, sustainability is very dependen ton real cash reserve to fund business activity. Therefore it profits should be analysed with operational cash flow and free cash flow.

From operational cash flow side, Joejoe Creative recorded that profit from operational activity for Rp785.274.053. This amount is bigger than the net profit in current year, therefore it shows that the profit made by the company is supported by a strong operational cash flow. This condition represent a good profit quality, because the company does not only record the profit in perspective of accountancy, but also should convert the activity and it's operational to be cash. For MSMEs, this condition is very important because operational cash flow is the main source for a daily fund activity, such as material purchase, salary payment, expenses, utility, delivery cost, and other operational needs.

Business sustainability of Joejoe Creative it's also strengthened by the positive free cash flow for Rp735.842.141. Free cash flow showed that Teh company fund needs for asset investment is still Rp49.431.912, the free cas his still in sufficient amount. This condition shows that the company has a high financial flexibility to support work capital, maintain cash reserve, and fund business development opportunity in the future. Moreover, a positive free cash flow becomes an important indicator that the company is not only able to survive, but also has capacity to grow sustainably.

From investment side, Joejoe Creative showed healthy business development pattern. The companies still make acid investment in the form of machine purchase for Rp42.871.312 and add additional building for Rp6.560.600. Total of the investment is Rp49.431.912 only 6.29% from the operational cash flow. It is showed that the investment that was controlled and uncontrolled done gave pressure to the company liquidity. Investment on productive asset also supported their business sustainability if it is used to improve production capacity, work efficiency, product quality, or service to the customers.

From secondary funding, Joejoe Creative did not record cash in flow and out activity fund in 2025. The absence of new loan, additional capital, and funding of payment obligation shows that the company is capable to do operational activity and investment will depend on internal funding source. This condition shows independence, a good financial and low financial risk, because the company is not burdened by installments, loan, interest or other obligation funding. In MSMEs context, independent funding structure as this one support sustainability because the company has more room and effectively manage cash.

Business sustainability is also seen from the increase of company's cash balance. Cash balance of Joejoe Creative increased from Rp585.218.159 in the beginning of the year to Rp1.321.060.300 at the end of the year, or increased for Rp735.842.141. A significant cash showed that the company is capable to maintain the cash surplus funding, operational, and investment. The availability of high final cash gives a strong liquidity reserve to face business uncertainty, such as decreasing demand, increasing material standard price, asset fixing needs, or additional work needs for the next period.

However, although the financial indicator showed a very well condition, business sustainability still should be managed carefully. Joejoe Creative need to ensure that the cash bro is not only naturally accumulative., but also directed to support a productive business strategy. The company needs to maintain the balance among maintaining cash reserve, making productive investment asset, fulfilling work capital need, and controlling withdrawal from private owner. Other than that, the company should also ensure all of the obligations, personal transactions, and cash use have been recorded comprehensively to maket he financial report truly represent real condition or effort.

Teh strengthened the business sustainability evaluation, I personally noticed that the free cash flow made by the company reach Rp. 735.842.141 or more or less 104,81% from the profit this year. Moreover, the end your cash balance was Rp1.321.060.300 or increased for 125.74% compare compared to previous year. The combination among a high cash row., a strong free cash flow, and capability of the company to fund investment from internal funding sources showed that Joejoe Creative is not only in a healthy financial condition at the moment, but also has a sufficient capacity to maintain and develop its effort in following period.

CONCLUSION

Based on the 2025 cash-flow analysis, Joejoe Creative shows a favorable liquidity position characterized by positive operating cash flow of Rp785,274,053, investment cash outflow of Rp49,431,912, no reported financing cash flow, and positive free cash flow of Rp735,842,141. Ending cash increased to Rp1,321,060,300, indicating that operating cash generation was sufficient to finance the recorded investment while maintaining a substantial cash reserve. The operating-cash-flow-to-net-income ratio of 1.12, investment-to-operating-cash-flow ratio of 6.29%, free-cash-flow-to-operating-cash-flow ratio of 93.71%, and cash growth of 125.74% further support the assessment of strong internal cash generation during the period. However, because the financial statements report zero liabilities, current ratio, cash ratio, and actual debt-service capacity cannot be meaningfully evaluated. Therefore, the study concludes that cash-flow information is useful for assessing the observed liquidity condition of this SME in 2025, but the results should not be interpreted as a statistical prediction of future liquidity. Future research should incorporate multiple periods and complete liability data to evaluate liquidity trends and predictive relationships more robustly.

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