

# Mitigating Financial Distress: Analysis of Financial Indicators for Startup Companies in Indonesia

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## Abstract

*This research aims to analyze the relationship between specific financial ratios and the level of financial distress risk in startup companies in Indonesia. A quantitative approach with a cross-sectional design will be utilized as the research framework. In order to select an appropriate sample, the purposive sampling approach will identify relevant startup companies to represent the studied population. Meanwhile, data will be obtained from financial statements and other supporting resources. The three primary financial ratios under focus are debt-to-equity ratio, activity ratio and EBITDA ratio. Linear regression statistical method will be the main tool to test the significance and direction of the relationship between the identified financial ratios and financial distress risk. Through in-depth analysis, this research is expected to provide valuable insights for startup stakeholders, investors and financial institutions. The contribution of this research lies in explaining how financial factors play a crucial role in influencing financial stability within the dynamic economic context of Indonesia.*

**Keywords:** financial ratios, financial distress risk, startup companies, Indonesia

**JEL classification:** C12, G17, G32, M13

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## ➔ Introduction

Indonesia has become an international focal point in recent years due to its rapid growth in the startup ecosystem (Mirghaderi *et al.*, 2023). Government incentives for innovation and technology, support from industry players and a surge in venture investments have created a fertile landscape for the growth of startup companies in Indonesia, particularly within the startup ecosystem in major cities such as Jakarta, Bandung, Yogyakarta, Surabaya, Bali and other regions across Indonesia.

However, alongside the available opportunities, startup companies also face a number of unique challenges. One of the most significant challenges is financial distress. In their pursuit of rapid growth, many startup companies in Indonesia have relied on external funding, such as from venture investors or venture capital (Kalbuana *et al.*, 2022; Guizani & Abdalkrim, 2023). Meanwhile, high expenditures on product development, marketing and business expansion can often lead to financial imbalances that are susceptible to unforeseen economic shocks.

In facing these challenges, it is important to understand how financial indicators can provide insights into the financial health of startup companies. Indicators such as liquidity ratios, profitability ratios, debt ratios and revenue growth ratios can help identify potential issues and offer early signs of financial distress risks (Daryanto

*et al., 2020; Peiró-Signes et al., 2022; Cornwell et al., 2023*). By comprehensively understanding and analyzing these indicators, startup companies can take proactive measures to manage their finances more efficiently.

This study aims to conduct a comprehensive analysis of how financial indicators influence the sustainable growth of startup companies in Indonesia, with a focus on mitigating the risk of financial distress (*Sardo et al., 2022; Ugur et al., 2022; Islam et al., 2023*). Through a case study approach, the research will identify several startups that have encountered financial challenges during their growth journey. Subsequently, the study will analyze changes in their financial indicators from period to period, in order to understand how external and internal factors impact their financial health.

It is expected that the results of this research will provide better guidance for startup companies in Indonesia to manage their finances more effectively, identify early signs of financial distress risk and take appropriate preventive measures. This study is also expected to offer a deeper understanding to investors, the government and other industry stakeholders about the challenges faced by startup companies in maintaining growth sustainability amidst a dynamic and sometimes uncertain business environment.

## ➔ Review of literature and hypotheses

### ■ Theory of corporate finance

The theory of corporate finance refers to the conceptual framework and principles that guide the financial management of a company to achieve optimal financial outcomes. This theory encompasses various aspects of a company's financial activities, including decision-making processes, strategies and practices related to funding, investment, capital structure and risk management (*Gorton et al., 2022; Wang et al., 2022*). It provides insights into how businesses make financial decisions and how these decisions impact the overall financial health, performance and growth prospects of the company. The theory also examines the interaction between financial markets, investors and companies, providing an understanding of how financial strategies align with organizational goals and market conditions. Essentially, the theory of corporate finance offers a systematic approach to understanding, analyzing and managing the financial aspects of a business to enhance value creation and ensure long-term sustainability.

### ■ Theory of startup company growth

The theory of startup company growth refers to a set of concepts and principles that describe the factors influencing the development of innovative new businesses or startups. This theory encompasses an understanding of how factors such as innovation, business model, scalability and economic environment play a significant role in driving startup growth (*Cojoianu et al., 2021; Klingler-Vidra & Pacheco, 2022; Wang et al., 2022*). In this context, the theory of startup growth provides insights into strategies that can be adopted by startup companies to achieve sustainable growth, overcome barriers and capitalize on market opportunities. This theory also aids in analyzing how startups can expand their markets, build customer bases and optimize their operations to reach their full potential in a competitive and rapidly changing environment.

### ■ Venture investment theory

Venture investment theory refers to a conceptual framework that illustrates the approaches and strategies used by venture investors in supporting and investing in startup companies and innovative businesses. This theory involves an understanding of how venture investors select promising startup opportunities, analyze risks and potential investment returns, and collaborate with startup founders to aid in business development and achieve sustainable growth (*Gu et al., 2019; Kitching & Rouse, 2020; Wöhler & Haase, 2022; Wang et al., 2023*). Venture investment theory also discusses concepts such as the active role of investors in startup management and decision-making.

### ■ Financial distress theory

Financial distress theory refers to a conceptual framework that examines the situation of a company's inability to meet its financial obligations in a timely manner (Gordon, 1971). In a state of financial distress, a company faces a serious risk to its operational continuity due to difficulties in repaying debt or fulfilling other financial obligations. This theory discusses triggering factors for financial distress, such as excessive debt burden, low cash flow, declining sales or sustained losses (Zhang *et al.*, 2022; Sue *et al.*, 2023). It also includes efforts to identify early signs of financial distress, such as declining profit margins, deteriorating liquidity ratios or an inability to meet interest payments or short-term debt obligations. The financial distress theory addresses mitigation strategies that companies can adopt to address this situation, including debt restructuring, cost reduction, operational efficiency improvement or seeking additional funding sources. In conclusion, this theory provides crucial guidance in understanding a company's financial risks and how to address them to ensure sustainable business continuity.

### ■ Hypotheses development

In an effort to understand the factors influencing the financial health of startup companies, the role of the **debt-to-equity ratio** and its potential impact on the level of financial distress becomes the focus of this research. With the highly dynamic growth and unique challenges faced by startup companies in Indonesia, evaluating the influence of the debt-to-equity ratio on the risk of financial distress becomes essential. Research findings supporting the relationship between these two factors can provide valuable insights for industry players, investors and other stakeholders in making more informative and strategic financial decisions to ensure sustainable business continuity (Tekin, 2021; Odhiambo *et al.*, 2022; Meki, 2023). The hypothesis posits that there is a significant relationship between the debt-to-equity ratio and the level of financial distress. Specifically, it is assumed that the higher the value of the debt-to-equity ratio for a startup company, the greater the likelihood that the company may face a situation of financial distress. An increase in reliance on debt financing can potentially elevate the risk of the company's inability to meet its financial obligations in a timely manner, which in turn could hinder operational continuity and growth for startup companies. Thus, the aim of this research is to test the validity of this hypothesis within the real context of startup companies in Indonesia.

Based on the theoretical study above, the first hypothesis of this research is formulated as follows:

*H1: Debt-to-equity ratio has a positive impact on the financial distress of startup companies in Indonesia.*

In an effort to gain a deeper understanding of factors that might influence the risk of financial distress in the context of startup companies in Indonesia, the role of **activity ratio** becomes the focus of this research. Efficiency in asset utilization is a key element in maintaining a company's financial health. Therefore, analyzing whether a lower activity ratio is linked to an increased risk of financial distress can provide valuable insights for industry stakeholders and other parties of interest. Research findings indicating a positive relationship between these two factors can inform wiser financial strategies to mitigate the risk of financial distress and sustain the growth of startup companies in a dynamic business environment (Barauskaite & Streimikiene, 2021; Agostini *et al.*, 2022; Vibhakar *et al.*, 2023). In analyzing startup companies in Indonesia, it is hypothesized that there exists an inverse relationship between the activity ratio and the level of financial distress. Specifically, it is assumed that a lower activity ratio, reflecting lower efficiency in the use of company assets, may contribute to an increased risk of financial distress. Financial distress in this context refers to the potential difficulty of a company to meet its financial obligations in a timely manner due to lower operational efficiency. Thus, this research aims to investigate whether there is a positive relationship between a lower activity ratio and a higher level of financial distress in startup companies in Indonesia.

Based on the theoretical study above, the second hypothesis of this research is formulated as follows:

*H2: Activity ratio has a positive impact on the financial distress of startup companies in Indonesia.*

In an effort to understand the potential financial implications that might influence the risk of financial distress in startup companies in Indonesia, the role of the **EBITDA ratio** takes center stage in this research. The EBITDA ratio is considered an indicator of operational profitability, reflecting the potential ability of a company to meet financial obligations before considering interest and tax burdens. Therefore, examining the relationship between the EBITDA ratio and the level of financial distress can provide crucial insights into the financial health of startup companies. Research findings that support this hypothesis can guide startup companies in optimizing the balance between profitability and financial risk, as well as making wiser decisions to avoid detrimental financial distress situations (Papangkorn *et al.*, 2021; Hong *et al.*, 2023). Concerning startup companies in Indonesia, it is assumed that the EBITDA ratio may have an inverse impact on the level of financial distress. More specifically, it is assumed that the higher the EBITDA ratio of a company, the greater the potential risk of financial distress. The EBITDA ratio reflects operational efficiency and operating income before considering interest, taxes, depreciation and amortization. An increase in the EBITDA ratio occurring concurrently with financial distress risk indicates the possibility of an imbalance between operational income and operational costs. Thus, this research aims to investigate whether there is a positive relationship between a higher EBITDA ratio and a greater risk of financial distress in the context of startup companies in Indonesia.

Based on the theoretical study above, the third hypothesis of this research is formulated as follows:  
*H3: EBITDA ratio has a positive impact on the financial distress of startup companies in Indonesia.*

## ➔ Research methodology

### ■ Research data

This study will employ a quantitative approach with a cross-sectional design, utilizing purposive sampling from startup companies in Indonesia. Data obtained from financial reports and relevant sources will be used to analyze the relationship between financial ratios, such as debt-to-equity ratio, activity ratio and EBITDA ratio, with the level of financial distress reflected in specific indicators. Linear regression statistical techniques will be used to test the significance and direction of the relationship between these variables, with the aim of gaining a deeper insight into how financial ratios may influence the risk of financial distress in the context of startup companies in Indonesia.

### ■ Variable operational definition

#### ✓ Debt-to-equity ratio proxy

Debt-to-equity ratio measures the extent to which a company relies on debt financing compared to equity financing. The purpose of this ratio is to assess the company's capital structure and how much it utilizes debt as a source of funding. This ratio assists in evaluating the financial risk associated with the level of debt. Therefore, the formula for calculating it is as follows:

$$\text{Debt-to-equity ratio} = \frac{\text{Total debt}}{\text{Total equity}} \times 100\% \quad (1)$$

#### ✓ Activity ratio proxy

Inventory turnover ratio measures the efficiency in managing inventory of goods, accounts receivable turnover ratio, to measure the efficiency in collecting receivables from credit sales, and asset turnover ratio, used to measure the efficiency of total asset utilization in generating revenue. The purpose of these ratios is to assist in identifying the extent to which a company's operational assets are effectively utilized to generate revenue. Efficiency in managing these assets can impact the liquidity and profitability of the company. Therefore, the formula for calculating them is as follows:

$$\text{Inventory turnover ratio} = \frac{\text{Cost of goods sold}}{\text{Average inventory}} \times 100\% \quad (2)$$

$$\text{Accounts receivable turnover ratio} = \frac{\text{Credit sales}}{\text{Average accounts receivable}} \times 100\% \quad (3)$$

$$\text{Asset turnover ratio} = \frac{\text{Operating revenue}}{\text{Average total assets}} \times 100\% \quad (4)$$

#### ✓ *EBITDA ratio proxy*

This ratio measures the operational profit margin before considering interest, taxes, depreciation and amortization expenses. The purpose of this ratio is to reflect the operational efficiency in generating profit before non-operational factors, such as interest expenses and depreciation. This ratio helps measure the level of operational profitability of a company. Therefore, the formula for calculating it is as follows:

$$\text{EBITDA margin ratio} = \frac{\text{EBITDA}}{\text{Operating income}} \times 100\% \quad (5)$$

#### ✓ *Financial distress proxy*

The current ratio, aimed at measuring a company's ability to meet short-term obligations, the cash ratio, used to assess the proportion of cash available to pay liabilities, and the interest coverage ratio, employed to gauge how much interest a company must pay relative to its income, all function as tools to identify the risk of financial distress. Lower levels in these ratios indicate better financial health and the company's capacity to fulfill financial obligations. Therefore, the formula for calculating them is as follows:

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}} \times 100\% \quad (6)$$

$$\text{Quick ratio} = \frac{\text{Cash and cash equivalents}}{\text{Total liabilities}} \times 100\% \quad (7)$$

$$\text{Interest coverage ratio} = \frac{\text{Interest expenses}}{\text{Operating income}} \times 100\% \quad (8)$$

## ⇒ Empirical findings and discussion

### ■ Descriptive statistics

This research aims to mitigate the role of financial distress in the influence between the financial indicators' presence and the sustainability of growth for startup companies in Indonesia. The study utilizes data from 21 startup companies with complete financial data, chosen as the research sample. The total observed data for analysis spans from 2019 to 2022, totaling 84 data points. During the outlier testing phase, eight outlier data points were identified and subsequently removed from the analysis, resulting in a total of 76 data points used for the research. Table 1, presented below, provides a descriptive statistical overview of each research variable. This table will offer insights into the central tendency, dispersion and distribution of the variables used in the study. This descriptive statistical analysis aims to provide an initial understanding of the data characteristics that will be further analyzed in this research.

Table 1. Descriptive statistics

Model	N	Minimum	Maximum	Average	Standard deviation
Debt-to-equity ratio	76	51.0	518.0	222.0	121.8
Activity ratio	76	27.0	303.0	90.7	61.9
EBITDA ratio	76	0.0	36.0	11.2	10.1
Valid N (Listwise)	76				

Source: Data calculation results by the authors.

The presented data details the characteristics of three variables that are the focus of an analysis. Firstly, in the context of the **debt-to-equity ratio** variable, there are 76 observations included in this analysis. The value range from 51.0 to 518.0 reflects significant variability. The mean value of 222.0 depicts the middle value of the data, while the standard deviation of 121.8 indicates the data's dispersion level from the mean value. Next, the **activity ratio** variable is also based on 76 observations. The value range from 27.0 to 303.0 shows a considerable variation. The mean of 90.7 indicates the central value of the data distribution, while the standard deviation of 61.9 signifies the variation present in the data from the mean value. Thirdly, the **EBITDA ratio** variable has the same number of observations, which is 76. The value range from 0.0 to 36.0 reflects a more limited variability. The mean value of 11.2 represents the central value of the data, and the standard deviation of 10.1 reveals the data's variability from the mean. There is also information about Valid N (Listwise), indicating that all 76 available observations have been considered in this analysis without any missing values.

Overall, this analysis provides a comprehensive overview of the distribution and variation of the three predictor variables under study. This information is crucial for understanding the data patterns and characteristics within the framework of the ongoing analysis. Therefore, this summary reaffirms that the data analysis has yielded broad and relevant insights into the data within these three variables, emphasizing the importance of this information in the context of the ongoing analysis, which focuses on mitigating financial distress through the analysis of financial indicator effects. The interpretation of the relationships between the research variables is explained in Table 2 below.

Table 2. Interpretation of multiple linear regression analysis test results

Classical assumptions of the model			Intercept
Asymp. sig. (2-tailed)			.200 <sup>c</sup>
Durbin-Watson test			2.273
Adjusted R <sup>2</sup>			.775
F-value			27.147
p-value F-value			.000 <sup>b</sup>
Coefficients <sup>a</sup>	B-value	t-value	α
(Constant)	10.443	3.429	
Debt-to-equity ratio	2.062	2.893	.000
Activity ratio	-1.848	-1.232	.382
EBITDA ratio	2.133	3.586	.002

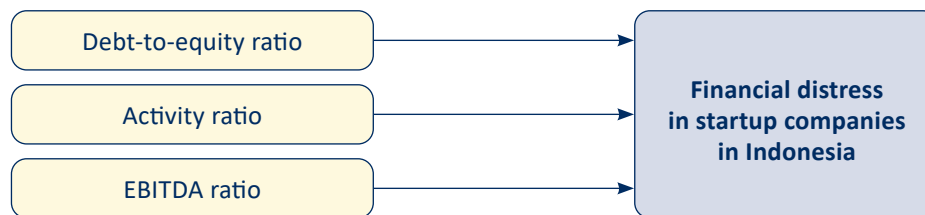
**Source:** Data calculation results by the authors.

Based on Table 2, the conducted statistical analysis focuses on the implementation of a regression model involving various predictor variables that influence the response variable. The initial step in the analysis is to ensure that the model meets classical assumptions. This is indicated by the value of Asymp. sig. (2-tailed), which is .200<sup>c</sup>, suggesting that statistical assumptions such as residual independence and normality distribution have been satisfied. Furthermore, the Durbin-Watson value of 2.273 signifies no indication of positive autocorrelation in the residual errors, indicating data independence. In terms of the explanatory power of the model, the Adjusted R<sup>2</sup> value of approximately 0.775 reveals that around 77.5% of the variability in the response variable can be explained by the predictor variables in this model. This figure reflects the model's quality in explaining the variation in the dataset.

The results of the F-test confirm that the model as a whole has a significant impact on the response variable. The outcome of this test, indicated by an F-test value of 27.147, yields an extremely low p-value for the F-test (0.000<sup>b</sup>), indicating that at least one predictor variable in the model has a statistically significant impact.

An analysis of the regression coefficients reveals the contributions of each predictor variable to the response variable. The coefficient for the **debt-to-equity ratio** is 2.062, which means that an increase of one unit in this ratio is associated with an approximate increase of 2.062 units in the response variable. The **activity ratio**, despite having a coefficient of -1.848, does not have a statistically significant impact, as indicated by its p-value of 0.382. Meanwhile, the **EBITDA ratio** variable has a coefficient of 2.133, suggesting that an increase of one unit in this ratio correlates with an increase of around 2.133 units in the response variable. This is further supported by the p-value of 0.002, indicating statistical significance for this influence.

Based on the test results of the three regression equations in the previous analysis section, the researchers made a path analysis with the following appearance:



Conceptual framework

## ■ Discussion

This research aims to mitigate the factors influencing financial risk among startup companies in Indonesia. The findings affirm that the **debt-to-equity ratio** has a significant impact on the level of financial risk for these companies. The analysis yielded a t-statistic value of 2.893 with  $\alpha 0.000 < 0.05$ , indicating a strong correlation between the debt-to-equity ratio and financial distress. These findings are consistent with the theoretical framework suggesting that excessively high levels of debt can lead to higher financial risks, especially within the context of the startup industry, which often operates in uncertain environments. Previous studies have also indicated that startups burdened with debt are at a greater risk of financial difficulties and facing higher failure probabilities (Ferriswara *et al.*, 2022; Tunji *et al.*, 2022; Ochoki *et al.*, 2023). Therefore, a practical recommendation emerging from these findings is that startup management in Indonesia must carefully consider their capital structure. Debt management should be cautious and balanced, taking into account potential financial risks that may arise. Enhancing the understanding of how the debt-to-equity ratio can impact financial risk will help decision-makers direct more sustainable financial strategies and reduce the potential risks associated with financial distress.

This research aims to mitigate the factors influencing financial risk among startup companies in Indonesia. The findings indicate that the **activity ratio** does not have a significant impact on the level of financial risk for these companies. The analysis yielded a t-statistic value of -1.232 with  $\alpha 0.382 > 0.05$ , indicating that there is no strong correlation between the activity ratio and financial distress. These findings are in line with several literature sources that have shown that, in certain cases, factors such as operational nature, growth priorities, revenue nature and scale variability are more driven by business needs and growth strategies than serving as direct indicators of financial risk (Chen *et al.*, 2021; Zhu *et al.*, 2021; Landi *et al.*, 2022). However, these factors do not necessarily correlate with higher financial risk and can be influenced by market strategies and external financing. Therefore, the finding that variations in the activity ratio are not directly related to the level of financial risk suggests that the financial risk in startup companies can be more influenced by other unique factors within the startup context, such as asset management, financial management, revenue stability and business development strategies.

This research aims to mitigate the factors influencing financial risk among startup companies in Indonesia. The findings affirm that the **EBITDA ratio** has a significant impact on the level of financial risk for these companies. The analysis yielded a t-statistic value of 3.586 with  $\alpha 0.002 < 0.05$ , indicating a strong correlation between the

EBITDA ratio and financial distress. These findings can be explained by several underlying reasons for the relationship between the EBITDA ratio and the level of financial risk. These include the company's ability to generate operational profit before considering interest, taxes, depreciation and amortization expenses, the reliability of cash flow, the company's operational performance due to changes in revenue or costs, and its resilience to fluctuating challenges. This can indicate how well the company can withstand challenges (Clintworth et al., 2021; Woo et al., 2021; Wu et al., 2022; Yuhui & Zhang, 2023). Thus, this finding suggests that startup companies can better manage the risk of financial distress by enhancing their EBITDA and focusing on efficient operational management. The EBITDA ratio can serve as a crucial indicator in measuring a company's ability to pay off debt and maintain financial stability when facing business challenges.

### ➔ Conclusion

The findings indicate that the debt-to-equity ratio has a strong impact on the financial risk of startup companies, suggesting that companies with higher debt levels are more vulnerable to financial distress. This finding validates the theory that excessively high levels of debt can lead to higher financial risks, especially in dynamic business environments like startups. On the other hand, the research results state that the activity ratio does not have a significant impact on the financial risk of startup companies. This suggests that variations in the activity ratio are not directly related to the level of financial risk, and other factors may have a greater influence on the likelihood of financial distress in the startup context. Furthermore, the research results indicate that the EBITDA ratio has a significant impact on the financial risk of startup companies. This finding establishes the basis for considering the EBITDA ratio as a crucial indicator in measuring a company's ability to pay off debt, maintain financial stability and better confront business challenges. Efficient operational management and an increase in EBITDA can assist startup companies in managing the risk of financial distress more effectively. Overall, this research provides valuable insights for decision-makers in startup companies in Indonesia. By understanding the influence of the debt-to-equity ratio and the EBITDA ratio on financial risk, companies can take more informed steps in managing their capital structure, operational management and financial strategies.

### ➔ Research limitations

This research has limitations in terms of the geographical scope of the studied business sector, specifically confined to startup companies in the Indonesian region. These limitations potentially impact the ability to generalize the findings of this research to the entire population of startup companies beyond the research area. Therefore, the findings and outcomes derived from this study cannot be directly assumed to represent the entire population of startup companies operating in diverse geographical contexts and industry sectors. The implications of these limitations are that efforts to carry out generalization, which aim to extend conclusions or findings from a relatively small sample to a larger overall population, become challenging to execute with a high level of accuracy. This is due to potential differences in characteristics among various geographical regions or industry sectors. Factors such as regulations, market dynamics and unique business environments in each region or sector can influence how debt levels and other indicators may impact financial risks. Thus, it must be acknowledged that this research yields in-depth insights into Indonesian startup companies. However, the broad generalization of findings requires more careful consideration.

In order to comprehend how the results of this research can be applied across diverse contexts, further studies encompassing wider geographical and sectoral variations are necessary. This approach would lead to more accurate and precise generalizations.

### ➔ Contribution

The finding that the activity ratio does not demonstrate a significant influence on the financial risk of startup companies in Indonesia holds important implications for the advancement of literature in the studied field. This discovery sheds new light on the relationship between operational activity and financial risk within



the context of fledgling enterprises. Amidst the conceptual foundation that may have previously asserted that operational activity wields a strong impact in diminishing financial risk, this finding seeks to stimulate a paradigm shift and adopts a holistic perspective, recognizing the involvement of other instrumental factors such as debt structure and financial stability in shaping the level of financial risk. This finding also propels opportunities for the development of more nuanced and contextual analytical models in evaluating the financial risk of startup companies across various regions of the country. Thus, this discovery not only enhances theoretical understanding, but also provides impetus for in-depth research focusing on deeper nuances and broader variations, as a response to the ever-evolving dynamics within the startup company environment.

### ➔ Further research

This study focuses on uncovering more effective methods for startup companies to manage the EBITDA ratio with the goal of reducing financial risk. The EBITDA ratio stands for earnings before interest, taxes, depreciation and amortization, measuring a company's operational earnings before accounting for interest expenses, taxes, depreciation and amortization. This ratio is used as a key indicator to assess a company's financial performance. The findings in this research have the potential to provide deeper insights into strategies and practices that can assist startup companies in better managing their financial risks. By examining the relationship between EBITDA performance and risk mitigation, this study lays the foundation for the development of more effective business strategies in facing market volatility and changing economic conditions.

In the future, this research could expand by analyzing in greater detail the operational management practices that have the potential to enhance EBITDA performance. This might involve the implementation of strategies such as cost control, increased operational efficiency, better working capital management and revenue diversification. By understanding how these actions impact EBITDA performance, startup companies can be more proactive in managing their financial risks. Furthermore, this research also proposes the adoption of the EBITDA ratio as a key indicator in measuring the financial performance of startup companies. However, this is just a starting point. Future research could consider further exploration of how the use of alternative financial indicators, such as debt-to-equity ratio, current ratio or net profit margin, can provide additional insights into the financial health of startup companies. This could help enrich the understanding of various financial aspects of startup companies and provide a more comprehensive overview.

Therefore, this research provides a solid foundational groundwork for future researchers to delve into and explore various deeper aspects concerning the financial management of startup companies. By gaining a better understanding of effective ways to manage EBITDA and its implications on financial risk, further research can offer more straightforward and simplified guidance for smarter and more adaptive business practices amidst a dynamic business environment.

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