# Strategic Evaluation & Restructuring Report

## Feasibility Study and Evaluation Pipeline

🔹 Data Sources Used

- Multi-year internal Excel financial statements

- IMF macro indicators: FX, CPI, GDP

- KPI extraction from uploaded sheets

## Forensic & Strategic Findings

### Financial Forensic and Strategic Findings Analysis  
  
#### \*\*1. Financial Performance Overview\*\*  
- \*\*Net Income (NI) and Net Attributable Income (NAI):\*\* Both NI and NAI have been consistently negative over the past five years, with significant losses in 2020 (-$688,764.37) and 2021 (-$319,897.84). This indicates sustained operational inefficiencies or structural issues.  
- \*\*EBITDA and EBIT:\*\* EBITDA and EBIT have also been negative, reflecting poor operational performance. The gap between EBITDA and EBIT suggests high depreciation and amortization expenses, which could be due to significant investments in fixed assets or intangible assets.  
- \*\*Cash Flow:\*\* Operating cash flow has been negative in most years, with a particularly large outflow in 2021 (-$3,634,107.36). This suggests liquidity challenges and potential difficulties in managing working capital.  
  
#### \*\*2. Key Red Flags\*\*  
- \*\*Negative Equity:\*\* Total Shareholders Equity has been negative since 2020, with a worsening trend (-$3,262,696.63 in 2020 to -$901,233.31 in 2025). This indicates insolvency and significant financial distress.  
- \*\*High Debt Levels:\*\* Total Liabilities have been consistently high, with Long-Term Debt peaking at $4,624,571.13 in 2022. The Debt Ratio (Debt / Total Invested Capital) is extremely high, indicating over-leverage and financial risk.  
- \*\*Negative Economic Profit:\*\* Economic Profit has been negative in all years, with a cumulative loss of $1,686,254.60 in 2021. This suggests that the company is destroying value rather than creating it.  
- \*\*Working Capital Deficit:\*\* Operating Working Capital has been negative, indicating that the company is unable to meet its short-term obligations with its current assets.  
- \*\*Dividend Payments Despite Losses:\*\* The company has paid dividends in years with significant losses (e.g., $375,022.90 in 2020, $85,237.67 in 2021), which is unsustainable and raises concerns about financial management.  
  
#### \*\*3. Strategic Insights\*\*  
- \*\*Capital Structure:\*\* The company’s capital structure is heavily skewed towards debt, with a Debt to Equity Ratio of -1.61 in 2024. This high leverage amplifies financial risk and reduces flexibility in managing cash flows.  
- \*\*Operational Inefficiencies:\*\* High COGS (Cost of Goods Sold) as a percentage of revenues (e.g., 130.87% in 2020) suggests inefficiencies in production or procurement processes.  
- \*\*Liquidity Management:\*\* Despite having excess cash in some years, the company has struggled with liquidity, as evidenced by negative operating cash flows. This suggests poor cash management practices.  
- \*\*Investment Decisions:\*\* High CAPEX (Capital Expenditure) in some years (e.g., $4,124.84 in 2021) has not translated into improved financial performance, raising questions about the effectiveness of investment decisions.  
- \*\*Revenue Growth:\*\* Revenue growth has been inconsistent, with a decline of -96.86% in 2021 and a slight recovery in 2023. This volatility indicates instability in the company’s core business.  
  
#### \*\*4. Recommendations\*\*  
- \*\*Restructuring:\*\* The company should consider a comprehensive financial restructuring to address its high debt levels and negative equity. This could involve debt refinancing, equity injections, or asset sales.  
- \*\*Cost Control:\*\* Implement rigorous cost-cutting measures to reduce COGS and operating expenses. Focus on improving operational efficiency and reducing waste.  
- \*\*Cash Flow Management:\*\* Enhance liquidity management by optimizing working capital, reducing unnecessary expenditures, and improving receivables collection.  
- \*\*Strategic Investments:\*\* Reevaluate investment decisions to ensure they align with the company’s long-term strategic goals and provide a positive return on investment.  
- \*\*Dividend Policy:\*\* Suspend dividend payments until the company achieves sustainable profitability to preserve cash and improve financial health.  
  
#### \*\*5. Conclusion\*\*  
The financial data reveals a company in significant distress, characterized by negative equity, high debt, and consistent losses. Immediate action is required to address these issues, including restructuring, cost control, and improved cash flow management. Without these interventions, the company’s long-term viability is at risk.

## Explainable AI Recommendation

### Full Sheet

### Financial Analysis and Strategic Recommendations  
  
#### \*\*1. Revenue, EBITDA, EBIT, and Net Income Trends\*\*  
- \*\*Revenue\*\*: Declined significantly from 2020 to 2021 (-96.86%), followed by a smaller decline in 2022 (-58.21%). Revenue recovered in 2023 (+274.78%) but is projected to decline again in 2024 (-36.97%).   
- \*\*EBITDA\*\*: Followed a similar trend to revenue, with a sharp drop in 2021 (-671.47%) and a gradual recovery in 2023 (-256.49%).   
- \*\*EBIT\*\*: Mirrored EBITDA trends, with a significant loss in 2021 (-801.37%) and partial recovery in 2023 (-304.96%).   
- \*\*Net Income\*\*: Consistently negative, with the largest loss in 2020 (-$688.76M) and a slight improvement in 2023 (-$309.10M).   
  
\*\*Key Observations\*\*:   
- Revenue volatility suggests instability in core operations.   
- Persistent negative net income indicates ongoing operational inefficiencies or structural issues.   
  
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#### \*\*2. Liquidity and Debt Status\*\*  
- \*\*Liquidity\*\*:   
 - Current ratio improved from 0.27 in 2020 to 14.34 in 2025, indicating improved short-term liquidity.   
 - Excess cash increased significantly in 2025 to $880.51M, providing a liquidity buffer.   
- \*\*Debt\*\*:   
 - Long-term debt increased sharply from $50.54M in 2

## Restructuring Plan

|  |  |
| --- | --- |
| Pillar | Action |
|  | \*\*Pillar\*\* |
|  | -------------------------- |
|  | \*\*Cost Optimization\*\* |
|  | \*\*Revenue Enhancement\*\* |
|  | \*\*Debt Management\*\* |
|  | \*\*Asset Optimization\*\* |
|  | \*\*Working Capital\*\* |
|  | \*\*Strategic Investments\*\* |
|  | \*\*Dividend Policy\*\* |
|  | \*\*Operational Efficiency\*\* |
|  | \*\*Financial Reporting\*\* |
|  | \*\*Governance\*\* |

## Final Recommendation

No financial anomalies detected. AI Recommendation Summary: ### Financial Analysis and Strategic Recommendations  
  
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