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ASSESSMENT OF FINANCIAL STABILITY AND ITS IMPACT ON ENTERPRISE PROFITABILITY UNDER CURRENCY RISKS

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Abstract. *The article presents a comprehensive study of the financial stability of an enterprise as a key factor in ensuring its stability and profitability in an unstable market environment. The content of the main approaches to assessing financial stability is disclosed, in particular, aggregate and coefficient, which allow determining the type of financial stability, assessing the capital structure, liquidity level and the ability of the enterprise to maintain continuity of operations. The paper describes auxiliary methods - integral, marginal, point, factor and others, which provide detailed diagnostics of the financial condition and allow for a comprehensive interpretation of the results obtained. Particular attention is paid to the analysis of the relationship between financial stability and profitability of the enterprise. The methodological basis of the study was analysis and synthesis, structural-functional, factor and comparative methods, as well as economic and mathematical approaches to the interpretation of relative and absolute financial indicators. The article substantiates the possibilities of using the Dupont model for an in-depth assessment of the impact of operating efficiency, financial leverage and turnover on the level of enterprise profitability. The scientific novelty of the article lies in the systematic generalization of methodological approaches to assessing financial stability and determining their impact on profitability in modern business conditions. The practical significance of the results lies in the possibility of using the proposed approaches to improve the financial management system and form an effective enterprise development strategy.*

Keywords: *financial stability, DuPont model, profitability, currency risks, autonomy ratio, capital structure, financial leverage.*

In the current volatile market environment, ensuring the financial stability of an enterprise is a critical factor for maintaining operational continuity and long-term development. This study defines financial stability as the equilibrium between equity and attracted resources, enabling a company to fulfil obligations while resisting external shocks. The methodological framework integrates several analytical approaches to provide a multidimensional diagnosis of a firm's health: aggregate and Coefficient Approaches - these serve as the primary tools for determining the type of financial stability and comparing actual

performance against industry benchmarks; the DuPont Model - a three-factor analysis that decomposes Return on Equity (ROE) into net profit margin, asset turnover, and the equity multiplier. This allows for a granular understanding of whether profitability is driven by operational efficiency or financial leverage. The research also employs integral, marginal, and factor analysis to interpret financial results and identify the root causes of stability shifts.

The research highlights a significant, yet complex, correlation between stability and profitability. While profitability is a key indicator of success, excessive conservatism in financial policy can stifle growth. Conversely, the study of the "Alpha" enterprise (2021–2025) demonstrates the dangers of high debt dependency under currency risks. The enterprise moved from "absolute stability" in 2021 to a "crisis state" by 2025. The utilization of a foreign currency credit, combined with the volatility of the Hryvnia (UAH), led to a sharp increase in debt servicing costs and a drop in the autonomy ratio from 0.65 to 0.45. A high correlation coefficient of 0.9728 was identified between the autonomy ratio and ROE, confirming that financial stability is a prerequisite for maintaining profitability in unstable conditions.

The study proves that financial leverage is effective only to a certain point; beyond this threshold, risks- especially those related to exchange rates- begin to destroy capital rather than grow it.

The scientific novelty of this work lies in the systematic synthesis of methodological approaches to evaluate how financial stability directly shapes profitability in modern economic conditions. Practically, the findings serve as a foundation for improving financial management systems. The research concludes that while balanced equity and debt foster growth, the DuPont model should be used as a strategic forecasting tool to optimize capital structures and mitigate future financial threats.

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