FORENSIC ACCOUNTING REVIEW / ABC

Financial Manipulation Report

Company Name (ABC)

ANALYSIS PERIOD

FY2016 - FY2025

DATE OF ANALYSIS

2026-11-15



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Table of Contents

EXECUTIVE SUMMARY....4

CHAPTER 1 – ESTABLISHING THE FOUNDATION....6

Category 1 – Foundational Red Flags....7

Category 2 – Governance & Controls....8

CHAPTER 2 – EARNINGS MANIPULATION....10

Category 3 – Recording Revenue Too Soon....11

Category 4 – Recording Bogus Revenue....12

Category 5 – Boosting Income Using One-Time or Unsustainable Activities....14

Category 6 – Shifting Current Expenses to a Later Period....16

Category 7 – Other Techniques to Hide Expenses or Losses....19

Category 8 – Shifting Current Income to a Later Period....20

Category 9 – Shifting Future Expenses to an Earlier Period....21

CHAPTER 3 – CASH FLOW MANIPULATION....23

Category 10 – Shifting Financing Inflows to Operating....24

Category 11 – Shifting Operating Outflows to Investing....26

Category 12 – Inflating CFO via Acquisitions or Disposals....27

Category 13 – Boosting CFO via Unsustainable Activities....28

CHAPTER 4 – KEY METRIC MANIPULATION....30

Category 14 – Misleading Metrics....31

Category 15 – Balance Sheet Metric Distortion....32

CHAPTER 5 – 10-YEAR KEY RATIO TABLE....33

CHAPTER 6 – DATA COVERAGE & LIMITATIONS....36

CHAPTER 7 – SOURCES CITED....37

APPENDIX - SUMMARY TABLE....38

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Executive Summary

OVERALL RATING: HIGH

ESTABLISHING THE FOUNDATION

Of the 15 checks in this Part, none rated HIGH, 3 rated MEDIUM, 4 LOW, 4 NONE and 4 NO_DATA. Free cash flow was 0.54x net income in FY2021 and remained negative from FY2022 through FY2025 despite operating cash flow exceeding attributable net income (C1.3). Gross PP&E cash payments produced a FY2025 free cash flow shortfall of $8.0B. Company Name completed roughly $30B of acquisitions in FY2016-FY2017, with the Altera acquisition coinciding with FY2016 restructuring charges and a change in useful-life estimates (C1.2). In FY2025, Company Name changed its Secure Enclave accounting in Q4 after an SEC staff objection and concluded that the revisions were immaterial to its filed Q3 statements (C2.1). The single finding driving this Part's MEDIUM severity is C1.3.

EARNINGS MANIPULATION

Of the 87 checks in this Part, 4 rated HIGH, 8 MEDIUM, 18 LOW, 53 NONE and 4 NO_DATA. The most material finding is C6.9. Effective January 2023, Company Name extended the useful life of certain fab equipment from 5 to 8 years. This increased FY2023 gross profit by about $2.5B and lowered R&D expense by about $0.4B, against $93M of reported operating income. Restructuring components recurred, and Company Name recorded separate litigation benefits in FY2022 and FY2023 after legal developments. Receivables grew faster than revenue in several years before DSO fell 45% in FY2022. Company Name quantified the effect of adopting ASC 606 in FY2018 at $616M of additional revenue and $340M of additional operating income. C6.9 drives this Part's HIGH severity and the overall HIGH rating.

CASH FLOW MANIPULATION

Of the 30 checks in this Part, 1 rated HIGH, 9 MEDIUM, 8 LOW, 9 NONE and 3 NO_DATA. AP grew faster than cost of sales in seven of ten years. Ending-balance DPO rose from 39 days in FY2016 to 128 days in FY2024 (C13.2). Company Name disclosed $3.2B of extended-term capital balances in AP and other accrued liabilities at FY2024 year-end. The disclosed balance does not isolate operating supplier payment timing. Annual factoring volume rose from $665M in FY2022 to $2.6B in FY2025. The effect on annual CFO is unquantified (C10.3). Capitalized interest totaled $1.2B-$1.5B annually in FY2023-FY2025 (C11.2). C13.2 drives this Part's HIGH severity.

KEY METRIC MANIPULATION

Of the 14 checks in this Part, 1 rated HIGH, 3 MEDIUM, 2 LOW, 7 NONE and 1 NO_DATA. Recurring non-GAAP adjustment categories include restructuring, acquisition-related items and share-based compensation (C14.6). The GAAP to non-GAAP gap in attributable net income was $2.7B in FY2023, $18.2B in FY2024 and $2.2B in FY2025 (C14.5). FY2025 DSO was 26.5 days under the ending-balance formula used here. The effect of factoring on DSO cannot be quantified without the outstanding sold balance (C15.1). FY2024 and FY2025 earnings-release revenue, EPS, operating loss and operating cash flow matched the annual filings. C14.6 drives this Part's HIGH severity.

01

Establishing the Foundation



Chapter overview

Foundational risks concern the environment in which financial reporting decisions are made. Unusual acquisition activity, sharp changes in results or a widening gap between earnings and operating cash flow can signal areas that need closer examination. These indicators are starting points for review and may also reflect legitimate business changes.

Governance and control risks affect whether questionable reporting decisions are challenged and corrected. This chapter considers board independence, concentrated influence, financial incentives, auditor relationships and related-party dealings. For example, a transaction involving a director may warrant examination of pricing, approval procedures and disclosure even when its amount is modest.

Categories in this chapter

- Foundational Red Flags
- Governance & Controls

CHAPTER 01 / CATEGORY 01

Foundational Red Flags

DETAILED FINDINGS

ID: C1.2 **Finding: MEDIUM**

Issue: Excessive acquisitions, mergers, JVs — reserves, restructure charges, or capitalization changes notably around event dates

Rationale: Company Name completed Altera in FY2016 and Mobileye in FY2017, with approximately $30B in combined acquisition cash outlays. The Altera closing coincided with $1.7B in net restructuring and other charges and a disclosed useful-life change in FY2016. The filings show the timing of these events.

References: ["Form 10-K | FY2016 | Note 1, Note 7 Restructuring and Other Charges", "Form 10-K | FY2025 | Note 4 and Note 10", "Form 8-K | 2017-03-13 | Item 1.01"]

ID: C1.3 **Finding: MEDIUM**

Issue: Cash Flow from Operations (CFO) diverges materially from Net Income; Free CFO diverges from Net Income

Rationale: CFO exceeded attributable net income in each year. FCF/NI was 0.54 in FY2021 and negative in FY2022 and FY2023. FCF remained negative through FY2025 and was negative $8.0B in FY2025, including PP&E payments classified in financing. FY2025 CFO exceeded attributable net income by $10.0B. Depreciation was $10.8B, and other adjustments also affected the difference.

References: ["Form 10-K | FY2022 | Consolidated Statements of Cash Flows", "Form 10-K | FY2025 | Consolidated Statements of Cash Flows"]

ID: C1.4 **Finding: LOW**

Issue: Unusual observations: sudden revenue jump, no revenue jump after major order wins, strong results during bad economic conditions, product+service bundling used to adjust receivables/payables

Rationale: FY2018 revenue grew 12.9% as reported and 11.9% on the prior accounting basis. ASC 606 increased reported FY2018 revenue by $616M, about one percentage point of growth. FY2020 revenue grew 8.2% amid increased demand for PCs and data-center products.

References: ["Form 10-K | FY2018 | Note 3, Revenue Recognition", "Form 10-K | FY2020 | MD&A"]

CHAPTER 01 / CATEGORY 02

Governance & Controls

DETAILED FINDINGS

ID: C2.1 **Finding: LOW**

Issue: Absence of effective internal checks and balances; irregular or late regulatory filings, ROC filings, or quarterly results after a long streak of regularity

Rationale: Company Name filed its Q3 FY2025 10-Q 40 days after quarter-end. Management reported effective year-end ICFR in FY2024 and FY2025. After SEC staff objected to part of the Secure Enclave accounting, Company Name changed it in Q4. Applying the revised treatment at Q3 would have shifted $3.0B from liabilities to equity.

References: ["FY2025 10-K, Note 5 and Item 9A | [redacted]", "Q3 FY2025 Form 10-Q"]

ID: C2.4 **Finding: LOW**

Issue: Large or growing related-party transactions; acquisition/merger counterparties that are related parties

Rationale: Company Name disclosed wafer manufacturing, sales and transition services with Altera, a related party following its FY2025 deconsolidation. The 2026 proxy separately reported 8.4% U.S. government ownership as of March 20, 2026.

References: ["FY2025 10-K | Note 9, Equity Investments", "2026 DEF 14A | Security Ownership"]

ID: C2.5 **Finding: MEDIUM**

Issue: Compensation structure heavily tied to financial results, incentivizing aggressive reporting

Rationale: Company Name reported $93.0M in FY2025 CEO compensation, including $49.6M in stock awards and $39.5M in option awards at grant-date values. The proxy separately reports compensation actually paid under SEC rules. The compensation discussion describes the company's incentive measures and weighting.

References: ["2026 DEF 14A | Summary Compensation Table, CD&A and Pay Versus Performance"]

ID: C2.11 **Finding: LOW**

Issue: General ethics concerns about senior management character or track record

Rationale: Company Name attributed Brian Krzanich's 2018 resignation to a policy violation. The December 2024 filing disclosed Pat Gelsinger's retirement and resignation from the board.

References: ["Form 8-K | 2018-06-21 | Item 5.02", "Form 8-K | 2024-12 | Item 5.02"]

02

Earnings Manipulation



Chapter overview

Earnings manipulation risks arise when the timing, substance or presentation of revenue and expenses makes reported profitability an unreliable guide to operating performance. Revenue may be recognized before delivery obligations are satisfied, supported by weak collection evidence, or enhanced by transactions lacking economic substance. Expense recognition can be delayed through capitalization, extended useful lives or inadequate reserves and impairments.

This chapter also considers shifting income or costs between periods and presenting unusual gains as sustainable results. For example, rapid receivables growth can require a closer look at collection terms, while repeated impairment charges may raise questions about earlier asset valuations. Each indicator should be assessed against accounting policy, business conditions and the company's explanations.

Categories in this chapter

- Recording Revenue Too Soon
- Recording Bogus Revenue
- Boosting Income Using One-Time or Unsustainable Activities
- Shifting Current Expenses to a Later Period
- Other Techniques to Hide Expenses or Losses
- Shifting Current Income to a Later Period
- Shifting Future Expenses to an Earlier Period

CHAPTER 02 / CATEGORY 03

Recording Revenue Too Soon

DETAILED FINDINGS

ID: C3.2 **Finding: LOW**

Issue: Company extends its quarter-end date — sign of financial adjustment in progress

Rationale: Company Name follows a last-Saturday-of-December 52/53-week calendar with no change in fiscal year or transition-period 10-KT report; the only extensions are the disclosed 53-week years FY2016 and FY2022 (the playbook rates a disclosed 53-week year LOW).

References: ["Form 10-K | FY2016 | Note 1 Basis of Presentation", "Form 10-K | FY2022 | Note 1 Basis of Presentation"]

ID: C3.5 **Finding: LOW**

Issue: Revenue recognition policy changed to record revenue sooner than prior policy

Rationale: Company Name adopted ASC 606 in FY2018 and began recognizing applicable distributor transactions at sell-in. Its adoption table shows increases of $616M in revenue, $340M in operating income and $276M in net income. The disclosure also identifies historical deferred income under the prior method.

References: ["FY2018 Form 10-K | Note 3, Revenue Recognition", "FY2025 Form 10-K | Revenue Recognition"]

ID: C3.14 **Finding: LOW**

Issue: Revenue recorded on shipment to a party other than the actual customer

Rationale: Company Name moved applicable distributor arrangements from sell-through to sell-in in FY2018. Its three largest customers accounted for 43% of FY2025 revenue. That concentration figure does not measure the share of sales through distributors.

References: ["FY2018 Form 10-K | Note 3", "FY2025 Form 10-K | Revenue Recognition and Credit Risk"]

CHAPTER 02 / CATEGORY 04

Recording Bogus Revenue

DETAILED FINDINGS

ID: C4.4 **Finding: LOW**

Issue: Risk not genuinely transferred from seller to buyer; revenue recognized prematurely

Rationale: Price protection and indemnities leave some retained risk, but these are standard terms estimated under variable consideration and not tied to repurchase obligations or guarantees on sold goods.

References: ["Form 10-K | FY2018 | Revenue Recognition", "Form 10-K | FY2025 | Note 19 Commitments and Contingencies"]

ID: C4.5 **Finding: LOW**

Issue: Revenue from sales to related parties, affiliated parties, or JV partners at non-market terms

Rationale: Company Name disclosed wafer manufacturing, sales and transition services with Altera after it became a related party. Note 9 provides no separate post-sale revenue amount or comparison of the terms to market pricing.

References: ["FY2025 10-K | Note 9, Equity Investments and Note 10, Acquisitions and Divestitures"]

ID: C4.12 **Finding: HIGH**

Issue: Receivables (especially long-term and unbilled) growing much faster than sales — or vice versa

Rationale: Receivables grew faster than 1.5x revenue growth in FY2017, FY2018, FY2019 and FY2021. Ending-balance DSO rose from 28.8 days in FY2016 to 38.8 in FY2019 and to 43.7 in FY2021. Receivables fell 56.3% in FY2022. The annual balances do not establish what drove the decline (C15.2).

References: ["Form 10-K | FY2017-FY2021 | Consolidated Balance Sheets", "Form 10-K | FY2022 | Consolidated Balance Sheets"]

ID: C4.13 **Finding: LOW**

Issue: Unusual increases or decreases in liability reserve accounts that could be transferred to revenue

Rationale: Other accrued liabilities include multiple balances, including certain capital-vendor obligations and a derivative liability. Changes in the aggregate cannot establish that a reserve was built or released into revenue.

References: ["Form 10-K | FY2025 | Consolidated Balance Sheets", "Form 10-K | FY2025 | Note 6 Other Financial Statement Details"]

CHAPTER 02 / CATEGORY 05

Boosting Income Using One-Time or Unsustainable Activities

DETAILED FINDINGS

ID: C5.1 **Finding: LOW**

Issue: One-time gains (e.g., asset sale) recorded as reduction in operating expenses rather than disclosed as extraordinary/non-recurring

Rationale: One-time gains were not buried in SG&A or R&D; operating-income benefits are on a separate disclosed line and divestiture gains sit below operating income. The size of FY2022's benefit relative to operating income is why it is flagged LOW rather than NONE.

References: ["Form 10-K | FY2022 | Note 7", "Form 10-K | FY2025 | Note 10"]

ID: C5.4 **Finding: LOW**

Issue: Normal operating expenses shifted below the operating income line with vague justification

Rationale: The pension reclassification was mandated and the below-the-line items are identified and explained. A small residual 'Other, net' category exists but is not growing against improving operating margin.

References: ["Form 10-K | FY2018 | Note 3", "Form 10-K | FY2025 | Note 6"]

ID: C5.5 **Finding: HIGH**

Issue: Restructuring charges used routinely to reclassify ordinary operating expenses as one-time items

Rationale: Severance or impairment charges were recorded in each of FY2021-FY2025. Net restructuring and other charges were $2M in FY2022 and a $62M benefit in FY2023. The line includes litigation, which affected the net figures. Company Name paid about $2.0B under its 2024 restructuring plan in FY2024.

References: ["Form 10-K | FY2025 | Note 7 Restructuring and Other Charges", "Form 10-K | FY2022 | Note 7"]

ID: C5.10 **Finding: LOW**

Issue: Suspicious or frequent use of JVs without clear business rationale; profitable JVs consolidated, loss-making JVs excluded

Rationale: The structures are frequent (four in about three years) but the rationale (funding fab construction) is disclosed, and the loss-making fab vehicles are consolidated rather than excluded; Altera's deconsolidation followed a genuine sale of control.

References: ["Form 10-K | FY2025 | Note 4 Non-Controlling Interests"]

CHAPTER 02 / CATEGORY 06

Shifting Current Expenses to a Later Period

DETAILED FINDINGS

ID: C6.1 **Finding: LOW**

Issue: Normal operating expenses improperly capitalized (unusual justification given by management)

Rationale: Company Name capitalized $1.5B of interest in each of FY2023 and FY2024 and $1.2B in FY2025. Construction in progress fell from $50.4B at FY2024 year-end to $34.5B at FY2025 year-end as Company Name placed manufacturing assets into service.

References: ["FY2025 Form 10-K | MD&A and Note 6, Other Financial Statement Details"]

ID: C6.2 **Finding: LOW**

Issue: Changes in capitalization policy or acceleration of cost capitalization

Rationale: Company Name capitalizes interest on qualifying construction. Capital-related incentives reduce PP&E and future depreciation. Capitalized interest fell from $1.5B in FY2024 to $1.2B in FY2025.

References: ["Form 10-K | FY2025 | Note 6 Other Financial Statement Details"]

ID: C6.4 **Finding: MEDIUM**

Issue: New or unusual asset accounts appearing on the balance sheet without clear explanation

Rationale: Other current assets rose from $3.7B to $9.6B in FY2024. Increases in refundable capital tax credits and current grant receivables totaled $3.15B, approximately 54% of the $5.88B increase.

References: ["FY2024 Form 10-K | Consolidated Balance Sheets and Note 6, Government Incentives"]

ID: C6.5 **Finding: LOW**

Issue: Permissible items capitalized but in amounts far exceeding industry norms

Rationale: Gross capex reached 47.3% of Company Name's revenue in FY2024. Differences in manufacturing ownership and cash-flow classification affect comparisons across peers. A measure of cash spent on PP&E does not establish how much operating cost was capitalized.

References: ["Form 10-K | FY2024 | Consolidated Statements of Cash Flows (Company Name, MU, TXN, ADI, QCOM, AMD, NVDA, AVGO)"]

ID: C6.7 **Finding: MEDIUM**

Issue: Jump in soft assets (intangibles, deferred costs) relative to sales

Rationale: Soft assets outgrew revenue in FY2016 and FY2017, explained by two acquisitions, and again in FY2022 when other assets jumped while revenue fell 20%; the FY2022 jump is not acquisition-related. The share of total assets has since fallen to 21%.

References: ["Form 10-K | FY2022 | Consolidated Balance Sheets", "Form 10-K | FY2017 | Consolidated Balance Sheets"]

ID: C6.8 **Finding: MEDIUM**

Issue: Unexpected or disproportionate increase in capital expenditures

Rationale: Gross capex fell 30% in FY2025. The investing-section PP&E payment line alone fell 39%. Operating expenses fell in FY2023 as capex peaked. Company Name attributed $0.4B of the R&D reduction to the equipment useful-life change.

References: ["Form 10-K | FY2023 | Consolidated Statements of Income", "Form 10-K | FY2025 | Consolidated Statements of Cash Flows"]

ID: C6.9 **Finding: HIGH**

Issue: Amortization or depreciation period stretched out (extended asset lives) to reduce annual expense

Rationale: A voluntary life extension of about 60% on a core asset class, announced during a sharp earnings decline, produced roughly $2.9B of gross-margin and R&D benefit against $93M of reported operating income. Company Name disclosed the effect transparently and tied it to process-node cadence and equipment re-use, but the playbook rates a material extension in a weak year as HIGH.

References: ["Form 10-K | FY2022 | Note 1 Accounting Policies: Property, Plant and Equipment", "Form 10-K | FY2023 | Note 6 Other Financial Statement Details"]

ID: C6.11 **Finding: MEDIUM**

Issue: Failure to record impairment for impaired assets

Rationale: Foundry operating losses were $7.1B in FY2023, $13.3B in FY2024 and $10.3B in FY2025. Company Name recorded goodwill and asset impairments and described equipment re-use assessments and quantitative tests. The carrying value of Foundry PP&E remains sensitive to those assumptions.

References: ["Form 10-K | FY2024 | Note 11 Goodwill", "Form 10-K | FY2025 | Note 3 Operating Segments and Note 11 Goodwill"]

ID: C6.12 **Finding: LOW**

Issue: Slow amortization of inventory costs; inventory not properly expensed through COGS

Rationale: DOH and gross margin rose together only in FY2017 (DOH +23%, margin +1.3 points); in other years DOH rises came with falling margin. One year does not meet the 2-year HIGH threshold.

References: ["Form 10-K | FY2017 | Consolidated Balance Sheets and Income Statements", "Form 10-K | FY2025 | Accounting Policies: Inventories"]

ID: C6.13 **Finding: LOW**

Issue: Failure to write off obsolete inventory

Rationale: Company Name recorded a $723M Optane inventory impairment in FY2022 and $922M of Gaudi inventory-related charges in FY2024. The charges establish that write-downs were recorded. The disclosures do not provide a reserve roll-forward sufficient to test adequacy.

References: ["FY2022 and FY2024 Forms 10-K | MD&A and Operating Segments"]

ID: C6.14 **Finding: MEDIUM**

Issue: Jump in inventory relative to COGS (Days Sales of Inventory rising abnormally)

Rationale: DOH rose more than 20% in FY2017 and FY2021 and about 19% in FY2022. Inventory growth was about 10.0x cost-of-sales growth in FY2021 and 8.2x in FY2022. Company Name recorded the $723M Optane impairment in FY2022. Ending inventory then fell 15.9% in FY2023.

References: ["FY2022 Form 10-K | Balance Sheets and MD&A", "FY2023 Form 10-K | Balance Sheets"]

CHAPTER 02 / CATEGORY 07

Other Techniques to Hide Expenses or Losses

DETAILED FINDINGS

ID: C7.5 **Finding: LOW**

Issue: Off-balance-sheet purchase commitments or contingencies not recorded despite meeting recognition criteria

Rationale: Capital expenditure commitments fell from $20.0B in FY2024 to $12.8B in FY2025. Other purchase obligations fell from $7.0B to $6.7B. Company Name also disclosed pending litigation and contingencies.

References: ["FY2024 and FY2025 Forms 10-K | MD&A, Capital Resources and Liquidity"]

CHAPTER 02 / CATEGORY 08

Shifting Current Income to a Later Period

DETAILED FINDINGS

ID: C8.1 **Finding: MEDIUM**

Issue: Reserves created during exceptional performance periods and released into income in weaker future periods

Rationale: Company Name reversed $1.2B of the earlier VLSI charge in FY2023 after an appellate ruling. The separate $1.2B European Commission reversal in FY2022 concerned a 2009 decision. Both benefits were reported in restructuring and other charges.

References: ["FY2022 10-K | Note 7", "FY2023 10-K | Note 7", "FY2025 10-K | Commitments and Contingencies"]

ID: C8.2 **Finding: LOW**

Issue: Windfall or one-time gains stretched out / deferred to future periods

Rationale: Capital grants and credits are recognized through lower depreciation over the life of the asset, consistent with Company Name's stated grant-accounting policy; this defers benefit but is a standard treatment rather than a discretionary deferral of a windfall.

References: ["Form 10-K | FY2025 | Note 6 Other Financial Statement Details"]

CHAPTER 02 / CATEGORY 09

Shifting Future Expenses to an Earlier Period

DETAILED FINDINGS

ID: C9.1 **Finding: LOW**

Issue: Assets improperly written off now to avoid future depreciation or amortization expense

Rationale: Company Name recorded impairment and accelerated depreciation charges. Consolidated depreciation rose from $9.95B in FY2024 to $10.76B in FY2025. The consolidated change reflects the full asset base.

References: ["Form 10-K | FY2025 | Note 6 and Note 7"]

ID: C9.2 **Finding: MEDIUM**

Issue: Excessive charges recorded now to build reserves that will be released to reduce future expenses

Rationale: The $1.2B FY2023 VLSI reversal followed a court decision and was more than 20% of the original $2.2B charge. The restructuring note separately identifies severance accruals, adjustments and cash payments by plan.

References: ["FY2023 Form 10-K | Note 7", "FY2025 Form 10-K | Note 7"]

ID: C9.3 **Finding: LOW**

Issue: Large write-offs of assets, goodwill, or inventory coinciding with arrival of a new CEO

Rationale: The largest write-offs (Q3 2024) preceded the CEO's exit and the next CEO's arrival by months, and the FY2021 charge was mainly litigation. The FY2025 charge after the new CEO's arrival was smaller and was not followed by a profit rebound (FY2025 operating loss $2.2B).

References: ["Form 8-K | 2025-03 | Item 5.02", "Form 10-K | FY2024 | Note 11 Goodwill"]

ID: C9.5 **Finding: MEDIUM**

Issue: Restructuring charges used to inflate future operating income (dramatic improvement right after restructuring period)

Rationale: On the FY2018 comparative basis, FY2017 operating margin rose 6.65 points. A $1.36B drop in the net restructuring line explained about 28% of the $4.92B operating income increase.

References: ["FY2018 Form 10-K | Comparative Statements of Income and Note 8"]

ID: C9.8 **Finding: HIGH**

Issue: Repeated restructuring charges every quarter or year, converting recurring expenses to one-time items

Rationale: Company Name recorded restructuring components each year in FY2021-FY2025, with overlapping programs. The net line included $2M of charges in FY2022 and a $62M benefit in FY2023. The non-GAAP reconciliations separately identify restructuring adjustments.

References: ["Form 10-K | FY2025 | Note 7 Restructuring and Other Charges", "Form 8-K | 2026-01-22 | Item 2.02 Exhibit 99.1"]

03

Cash Flow Manipulation



Chapter overview

Cash flow manipulation risks concern whether reported operating cash flow faithfully represents cash generated by the business. Financing proceeds classified as operating receipts, or ordinary operating payments classified as investing outflows, can make cash generation appear stronger without improving the underlying economics. Acquisitions and disposals can also affect comparability and working-capital movements.

Temporary actions can improve a period's cash flow but may be difficult to repeat. Examples include slowing supplier payments, collecting receivables unusually early, selling receivables or reducing inventory sharply. The review considers classification and sustainability together, so that a working-capital benefit is distinguished from a durable improvement in operating performance.

Categories in this chapter

- Shifting Financing Inflows to Operating
- Shifting Operating Outflows to Investing
- Inflating CFO via Acquisitions or Disposals
- Boosting CFO via Unsustainable Activities

CHAPTER 03 / CATEGORY 10

Shifting Financing Inflows to Operating

DETAILED FINDINGS

ID: C10.2 **Finding: MEDIUM**

Issue: Complex off-balance-sheet structures (subsidiaries, JVs, partnerships) used to shift financing inflows to operating section

Rationale: Complex co-investment structures are present and large, but they are consolidated, partner capital is recorded in equity or non-controlling interests (financing), and no financing inflow appears to be routed through operating cash flow.

References: ["Form 10-K | FY2025 | Note 4 Non-Controlling Interests", "Form 10-K | FY2024 | Note 4 Non-Controlling Interests"]

ID: C10.3 **Finding: MEDIUM**

Issue: CFFO boosted by early sale (discounting) of receivables before collection date

Rationale: Annual non-recourse factoring volume rose from $665M in FY2022 to $2.6B in FY2025. The effect on annual CFO depends on the change in sold but uncollected balances. Company Name does not disclose those balances.

References: ["Form 10-K | FY2022 | Note 6", "Form 10-K | FY2025 | Note 6 Other Financial Statement Details"]

ID: C10.4 **Finding: MEDIUM**

Issue: Sudden large swings in receivable or payable accounts on the cash flow statement

Rationale: The receivables line contributed $5.33B to CFO in FY2022 after using $2.67B in FY2021. The other-assets-and-liabilities line contributed $2.22B in FY2024 and used $1.25B in FY2025. The FY2024 AP line contributed $634M, or 7.65% of CFO.

References: ["Form 10-K | FY2022 | Consolidated Statements of Cash Flows", "Form 10-K | FY2025 | Consolidated Statements of Cash Flows"]

ID: C10.5 **Finding: LOW**

Issue: Disclosure of selling receivables with recourse; incomplete or vague notes about receivables

Rationale: Recourse status is clearly stated as non-recourse, but disclosure is brief and omits outstanding sold balances and fees, a modest completeness gap.

References: ["Form 10-K | FY2025 | Note 6 Other Financial Statement Details"]

ID: C10.6 **Finding: LOW**

Issue: Changes in wording of key disclosure items between annual reports (subtle meaning changes)

Rationale: The filings disclose changes in revenue recognition and provide details about factoring and extended payment terms. The timing of those disclosures does not establish when each vendor arrangement began.

References: ["Form 10-K | FY2018 | Revenue Recognition", "Form 10-K | FY2024 | Note 6 Other Financial Statement Details"]

ID: C10.7 **Finding: LOW**

Issue: CFFO inflated by faking sale of receivables (receivables remain economically owned by company)

Rationale: Company Name services the receivables it sells, which is continuing involvement, but non-recourse terms and absence of retained interests indicate the sales transfer risk.

References: ["Form 10-K | FY2025 | Note 6 Other Financial Statement Details"]

ID: C10.9 **Finding: LOW**

Issue: Reduced disclosure relative to prior period (hiding something by omitting previously reported detail)

Rationale: The number of tagged note blocks varied across years. A change in tag count alone does not identify which topics were added, removed or reorganized.

References: ["Form 10-K | FY2015-FY2025 | Notes to Consolidated Financial Statements"]

CHAPTER 03 / CATEGORY 11

Shifting Operating Outflows to Investing

DETAILED FINDINGS

ID: C11.2 **Finding: MEDIUM**

Issue: Normal operating costs improperly capitalized, shifting cash outflow from CFO to CFI

Rationale: Company Name reported capitalized interest of $1.5B in each of FY2023 and FY2024 and $1.2B in FY2025. The cash-flow statement discloses cash interest paid net of capitalized interest. The capitalized amounts do not independently quantify the effect on annual CFO.

References: ["Form 10-K | FY2025 | Note 6 Other Financial Statement Details", "Form 10-K | FY2024 | Consolidated Statements of Cash Flows"]

ID: C11.3 **Finding: LOW**

Issue: New or unusual asset accounts with no clear business justification; cash receipts routed through vague assets

Rationale: Company Name disclosed capital credits and grant receivables. After an SEC staff objection, it revised Q4 FY2025 accounting for certain Secure Enclave receipts to treat them as equity proceeds.

References: ["FY2025 Form 10-K | Note 5, U.S. Government Agreement and Note 6, Government Incentives"]

CHAPTER 03 / CATEGORY 12

Inflating CFO via Acquisitions or Disposals

DETAILED FINDINGS

ID: C12.2 **Finding: LOW**

Issue: Company makes numerous acquisitions (frequent acquirers — used to hide financial manipulation or restate financials)

Rationale: Altera closed in FY2016 and Mobileye in FY2017. These were the two large acquisition cash outlays in consecutive years identified in this analysis.

References: ["Form 10-K | FY2016 and FY2017 | Consolidated Statements of Cash Flows"]

ID: C12.6 **Finding: LOW**

Issue: Business sold but related receivables retained by seller — receivable collections recorded as CFO despite business no longer owned

Rationale: Company Name reported $1.8B in net proceeds from the second NAND closing. The FY2025 10-K includes those proceeds in investing cash flows from divestitures.

References: ["FY2025 Form 10-K | MD&A, Consolidated Cash Flows and Note 10"]

CHAPTER 03 / CATEGORY 13

Boosting CFO via Unsustainable Activities

DETAILED FINDINGS

ID: C13.1 **Finding: MEDIUM**

Issue: CFFO boosted by deliberately slowing vendor payments

Rationale: DPO rose from 39.0 days in FY2016 to 128.2 in FY2024. The FY2024 AP line contributed $634M to CFO, or 7.65%. Aggregate AP includes capital-vendor balances and cannot isolate operating supplier payment times.

References: ["Form 10-K | FY2024 | Consolidated Statements of Cash Flows and Note 6"]

ID: C13.2 **Finding: HIGH**

Issue: Accounts payable increasing faster than COGS (paying vendors more slowly)

Rationale: AP grew faster than cost of sales in seven of ten years. DPO rose from 39.0 days in FY2016 to 128.2 in FY2024. Company Name disclosed extended-term capital balances across AP and other accrued liabilities. The split and effect on operating supplier payment times are unquantified.

References: ["FY2015-FY2025 Forms 10-K | Balance Sheets and Statements of Income", "FY2025 Form 10-K | Cash Flows"]

ID: C13.3 **Finding: MEDIUM**

Issue: Increases in "other payables" accounts that may reclassify operating outflows to financing or investing

Rationale: Other accrued liabilities include capital-vendor obligations, derivative liabilities, and litigation and restructuring accruals. The aggregate does not establish the cash-flow classification by component.

References: ["Form 10-K | FY2025 | Consolidated Balance Sheets and Note 6"]

ID: C13.4 **Finding: MEDIUM**

Issue: Large, unexplained positive swings on the statement of cash flows

Rationale: FY2022 factoring volume was $665M, or 12.5% of the $5.33B receivables cash-flow contribution as a size comparison. The incremental cash-flow effect of factoring remains unquantified.

References: ["Form 10-K | FY2022 | Consolidated Statements of Cash Flows", "Form 10-K | FY2024 | Consolidated Statements of Cash Flows"]

ID: C13.5 **Finding: MEDIUM**

Issue: Accounts payable financing (bank loans used to pay vendors, loan receipt treated as operating inflow)

Rationale: Company Name disclosed $3.2B of extended-term capital balances in AP and other accrued liabilities at FY2024 year-end and $1.5B at FY2025 year-end. Cash payments on the arrangements are classified in financing.

References: ["FY2025 Form 10-K | MD&A, Capital Resources and Liquidity and Statement of Cash Flows"]

ID: C13.6 **Finding: MEDIUM**

Issue: New or changed disclosure about prepayment timing or payment schedule changes

Rationale: The FY2024 disclosures identify extended terms on capital purchases. The FY2022 increase in ending-balance DPO does not date the start of those terms.

References: ["FY2024 Form 10-K | MD&A, Capital Resources and Liquidity"]

ID: C13.9 **Finding: LOW**

Issue: CFFO inflated by one-time items (e.g., litigation settlement) that flow through net income and are not adjusted out

Rationale: The European Commission refunded its EUR 1.1B fine in February 2022. Company Name separately received and recognized $560M of interest in FY2024, equal to 6.76% of that year's CFO.

References: ["FY2022 and FY2024 Forms 10-K | European Commission litigation and interest disclosures"]

04

Key Metric Manipulation



Chapter overview

Key metric risks concern measures that can change the reader's perception of growth, profitability or financial health even when the underlying financial statements are unchanged. Adjusted earnings, revenue measures and other selected indicators may exclude unfavorable items or use definitions that reduce comparability. Reconciliations help readers understand adjustments, but do not by themselves establish that a metric is balanced.

Balance-sheet metrics can also obscure deterioration through classification choices, calculation changes or selective disclosure. Examples include changes to days-sales-outstanding calculations, inventory measures or debt ratios. This chapter examines definitions, consistency and the relationship between headline measures and the amounts reported under GAAP.

Categories in this chapter

- Misleading Metrics
- Balance Sheet Metric Distortion

CHAPTER 04 / CATEGORY 14

Misleading Metrics

DETAILED FINDINGS

ID: C14.1 **Finding: LOW**

Issue: Change in definition or calculation of a key operating metric (e.g., ARPU, revenue per unit, order book)

Rationale: Company Name disclosed changes in its segment reporting and recast comparatives where presented. Its reports describe goodwill assessments and the circumstances prompting impairment tests.

References: ["Form 10-K | FY2024 | Note 11 Goodwill", "Form 10-K | FY2025 | Note 3 Operating Segments"]

ID: C14.5 **Finding: MEDIUM**

Issue: Misleading metric highlighted as a surrogate for earnings (e.g., "Cash EBITDA," "Adjusted Operating Income")

Rationale: Non-GAAP results turn a GAAP loss into a profit in FY2025 and the gap is large and stable-to-volatile rather than steadily widening; Company Name presents full reconciliations and leads releases with both GAAP and non-GAAP figures.

References: ["Form 8-K | 2026-01-22 | Item 2.02 Exhibit 99.1", "Form 8-K | 2025-01-30 | Item 2.02 Exhibit 99.1"]

ID: C14.6 **Finding: HIGH**

Issue: Recurring charges presented as non-recurring or one-time to improve reported operating income

Rationale: Restructuring, acquisition-related items and share-based compensation are recurring adjustment categories. Company Name presents GAAP results and reconciles the non-GAAP results in its earnings releases. The direction of individual adjustments varies by year.

References: ["Form 8-K | FY2024 and FY2025 earnings releases | Item 2.02, Exhibit 99.1"]

CHAPTER 04 / CATEGORY 15

Balance Sheet Metric Distortion

DETAILED FINDINGS

ID: C15.1 **Finding: MEDIUM**

Issue: Accounts receivable metrics distorted to hide revenue problems (receivables converted to notes, reclassified, or discounted to align with sales)

Rationale: Annual FY2025 factored volume of $2.6B is equivalent to about 18 days of revenue. Company Name does not disclose the outstanding sold balance at year-end needed to quantify the effect on reported DSO.

References: ["Form 10-K | FY2025 | Note 6 Other Financial Statement Details"]

ID: C15.2 **Finding: MEDIUM**

Issue: Large sudden decline in DSO following several quarters of rising receivables (indicates previously recorded bogus revenue now being "collected" via write-offs or reclassification)

Rationale: Ending-balance DSO fell from 43.7 days in FY2021 to 23.9 in FY2022 as ending receivables fell $5.32B. Company Name sold $665M of receivables in FY2022. The yearly sales volume does not establish how much factoring contributed to the decline.

References: ["Form 10-K | FY2022 | Consolidated Balance Sheets and Note 6"]

ID: C15.4 **Finding: LOW**

Issue: Inventory metrics distorted to hide profitability problems (channel stuffing, reclassifying inventory as asset)

Rationale: Company Name cited customer inventory digestion and disclosed Gaudi inventory-related charges. Company Name's DOH tracks its own inventory. The cited disclosures do not quantify channel inventory.

References: ["FY2024 Form 10-K | MD&A", "FY2024 earnings release | Form 8-K, Exhibit 99.1"]

05

10-Year Key Ratio Table

Metric	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue ($M)	59,387	62,761	70,848	71,965	77,867
Revenue growth	7.3%	5.7%	12.9%	1.6%	8.2%
Gross margin	61.0%	62.3%	61.7%	58.6%	56.0%
Net income ($M)	10,316	9,601	21,053	21,048	20,899
Net margin	17.4%	15.3%	29.7%	29.2%	26.8%
Operating income ($M)	13,133	18,050	23,316	22,035	23,678
Restructuring and other charges, net ($M)	1,744	384	-72	393	198
CFO ($M)	21,808	22,110	29,432	33,145	35,864
CFO / NI	2.11	2.30	1.40	1.57	1.72
Capex ($M)	9,625	11,778	15,181	16,213	14,259
Capex / revenue	16.2%	18.8%	21.4%	22.5%	18.3%
FCF ($M)	12,183	10,332	14,251	16,932	21,605
FCF / NI	1.18	1.08	0.68	0.80	1.03
Trade receivables ($M)	4,690	5,607	6,722	7,659	6,782
DSO (days)	28.8	32.6	34.6	38.8	31.8
Inventory ($M)	5,553	6,983	7,253	8,744	8,427
DOH (days)	87.5	107.7	97.6	107.0	89.8
Accounts payable ($M)	2,475	2,928	3,824	4,128	5,581
DPO (days)	39.0	45.2	51.5	50.5	59.5
Total debt ($M)	25,258	26,776	25,859	29,003	36,401
Net cash ($M)	-19,698	-23,343	-22,840	-24,809	-30,536
Peer median revenue growth	-0.4%	33.2%	21.4%	4.0%	-3.1%
Peer median net margin	12.3%	15.8%	31.4%	22.8%	22.1%
Peer median gross margin	56.1%	56.0%	58.9%	61.2%	60.7%
Peer median DSO (days)	34.6	49.2	47.5	43.3	48.0

Peer median DOH (days)	76.1	95.9	76.6	112.6	102.5
Peer median DPO (days)	48.4	41.6	49.4	41.6	43.4

Metric	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue ($M)	79,024	63,054	54,228	53,101	52,853
Revenue growth	1.5%	-20.2%	-14.0%	-2.1%	-0.5%
Gross margin	55.4%	42.6%	40.0%	32.7%	34.8%
Net income ($M)	19,868	8,014	1,689	-18,756	-267
Net margin	25.1%	12.7%	3.1%	-35.3%	-0.5%
Operating income ($M)	19,456	2,334	93	-11,678	-2,214
Restructuring and other charges, net ($M)	2,626	2	-62	6,970	2,191
CFO ($M)	29,456	15,433	11,471	8,288	9,697
CFO / NI	1.48	1.93	6.79	n/m (NI<0)	n/m (NI<0)
Capex ($M)	18,733	24,844	25,750	25,122	17,672
Capex / revenue	23.7%	39.4%	47.5%	47.3%	33.4%
FCF ($M)	10,723	-9,411	-14,279	-16,834	-7,975
FCF / NI	0.54	-1.17	-8.45	n/m (NI<0)	n/m (NI<0)
Trade receivables ($M)	9,457	4,133	3,402	3,478	3,839
DSO (days)	43.7	23.9	22.9	23.9	26.5
Inventory ($M)	10,776	13,224	11,127	12,198	11,618
DOH (days)	111.7	133.4	124.9	124.5	123.0
Accounts payable ($M)	5,747	9,595	8,578	12,556	9,882
DPO (days)	59.6	96.8	96.3	128.2	104.6
Total debt ($M)	38,101	38,107	49,266	50,011	46,585
Net cash ($M)	-33,274	-26,963	-42,187	-41,762	-32,320
Peer median revenue growth	30.6%	31.7%	-3.9%	13.7%	23.9%
Peer median net margin	24.5%	29.3%	20.2%	17.3%	22.8%
Peer median gross margin	61.4%	62.7%	56.9%	57.1%	57.0%
Peer median DSO (days)	53.2	54.7	43.6	51.7	47.6
Peer median DOH (days)	94.8	114.0	147.7	137.4	135.5
Peer median DPO (days)	56.7	49.6	40.6	51.0	50.8

Ratio definitions and supplemental data

- Revenue growth: year-over-year percentage change in net revenue.
- Gross margin: gross profit divided by net revenue.
- Net income: net income attributable to Company Name.
- Net margin: net income divided by net revenue.
- Operating income: GAAP operating income or loss.
- Restructuring and other charges, net: the operating-expense line including severance, impairments and litigation charges and benefits.
- CFO: net cash provided by operating activities.
- CFO / NI: CFO divided by net income. Shown as n/m when net income is negative.
- Capex: cash additions to PP&E in investing plus PP&E payments in financing. The FY2020-FY2022 amounts exclude separately disclosed additions to assets held for sale.
- Capex / revenue: capex divided by net revenue.
- FCF: CFO minus capex, using the capex definition above.
- FCF / NI: FCF divided by net income. Shown as n/m when net income is negative.
- Trade receivables: net accounts receivable at year-end.
- DSO: year-end trade receivables divided by revenue, multiplied by 365.
- Inventory: net inventories at year-end.
- DOH: year-end inventory divided by cost of sales, multiplied by 365.
- Accounts payable: year-end accounts payable.
- DPO: year-end accounts payable divided by cost of sales, multiplied by 365.
- Total debt: short-term plus long-term debt.
- Net cash: cash and cash equivalents minus total debt.
- Peer median: median for AMD, NVDA, QCOM, TXN, MU, AVGO and ADI by fiscal-year label. Fiscal year-ends and line-item classifications may differ.
- Comparative basis: FY2016-FY2017 operating income and cost of sales use the FY2018 pension-cost presentation. FY2020-FY2021 CFO uses the FY2022 presentation for derivative collateral cash flows.

06

Data Coverage & Limitations

Coverage and evidence limitations

- Public SEC correspondence and Company Name responses are available for selected periods. Correspondence coverage varies by year.
- Company Name's FY2024 and FY2025 Forms 10-K include Items 1A and 9A. The 2026 proxy includes compensation, ownership, auditor fees and director disclosures. Historical board independence and governance data are incomplete across the analysis period.
- Company Name's October 31, 2024 Form 8-K includes Item 2.05 and the Q3 FY2024 earnings release. Company Name also filed Q1 and Q2 FY2025 earnings releases on Form 8-K. The year-end earnings-release comparison covers FY2024 and FY2025.
- Standard XBRL tags do not provide complete series for all allowance, warranty, deferred income, inventory reserve or acquired-balance measures. Relevant amounts and accounting policies may appear in the notes.
- Consensus EPS coverage was limited to the last four quarters.
- The peer set comprises AMD, NVDA, QCOM, TXN, MU, AVGO and ADI. Peer medians are fiscal-year comparisons. Different company year-ends, classification choices and manufacturing models can affect comparability.
- The ratio analysis uses annual balances. Quarterly window dressing is outside the scope of these tests.
- Company Name reports on a 52/53-week fiscal calendar. FY2016 and FY2022 contained 53 weeks.

07

Sources Cited

Sources supplied with the assessment

- Form 10-K | FY2015 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2016 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2017 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2018 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2019 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2020 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2021 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2022 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2023 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2024 | SEC EDGAR (CIK 0000000000)
- Form 10-K | FY2025 | SEC EDGAR (CIK 0000000000)
- Form 10-Q | Q1 2016 through Q3 2026 | Filing dates per EDGAR filing index (e.g. Q3 2025 10-Q filed 2025-11-06).
- Form 8-K Item 2.02 with Exhibit 99.1 earnings release | Filed 2025-01-30 | Accession [redacted].
- Form 8-K Item 2.02 with Exhibit 99.1 earnings release | Filed 2026-01-22 | Accession [redacted].
- Form 8-K Item 5.02 | Filed 2018-06-21 | Accession [redacted] (CEO resignation).
- Form 8-K Items 1.01, 2.01, 3.02, 8.01 | Filed 2016-2026 | Deal, financing and equity-issuance disclosures (e.g. [redacted], [redacted]).
- Form DEF 14A | 2025 and 2026 | 2026 accession [redacted].
- Form 10-K | FY2016-FY2025 for AMD, NVDA, QCOM, TXN, MU, AVGO, ADI | Peer revenue, net income, cash flow, receivables, inventory and payables.
- Yahoo Finance | ABC and peer historical financial and market data.
- Form 8-K | 2024-10-31 | Items 2.02 and 2.05 | Accession [redacted].
- Form 10-Q | Q3 FY2025 | Filed November 6, 2025 | Accession [redacted].
- FY2025 Form 10-K | Note 5, U.S. Government Agreement | Accession [redacted].

Appendix - Summary Table

This table summarizes selected findings from 146 forensic accounting checks. The corresponding categories provide the rationale and references.

ID	Issue summary	Finding
C1.2	Excessive acquisitions, mergers, JVs — reserves, restructure charges, or capitalization changes notably around event dates	MEDIUM
C1.3	Cash Flow from Operations (CFO) diverges materially from Net Income; Free CFO diverges from Net Income	MEDIUM
C1.4	Unusual observations: sudden revenue jump, no revenue jump after major order wins, strong results during bad economic conditions, product+service bundling used to adjust receivables/payables	LOW
C2.1	Absence of effective internal checks and balances; irregular or late regulatory filings, ROC filings, or quarterly results after a long streak of regularity	LOW
C2.4	Large or growing related-party transactions; acquisition/merger counterparties that are related parties	LOW
C2.5	Compensation structure heavily tied to financial results, incentivizing aggressive reporting	MEDIUM
C2.11	General ethics concerns about senior management character or track record	LOW
C3.2	Company extends its quarter-end date — sign of financial adjustment in progress	LOW
C3.5	Revenue recognition policy changed to record revenue sooner than prior policy	LOW
C3.14	Revenue recorded on shipment to a party other than the actual customer	LOW
C4.4	Risk not genuinely transferred from seller to buyer; revenue recognized prematurely	LOW
C4.5	Revenue from sales to related parties, affiliated parties, or JV partners at non-market terms	LOW
C4.12	Receivables (especially long-term and unbilled) growing much faster than sales — or vice versa	HIGH
C4.13	Unusual increases or decreases in liability reserve accounts that could be transferred to revenue	LOW
C5.1	One-time gains (e.g., asset sale) recorded as reduction in operating expenses rather than disclosed as extraordinary/non-recurring	LOW
C5.4	Normal operating expenses shifted below the operating income line with vague justification	LOW
C5.5	Restructuring charges used routinely to reclassify ordinary operating expenses as one-time items	HIGH
C5.10	Suspicious or frequent use of JVs without clear business rationale; profitable JVs consolidated, loss-making JVs excluded	LOW

ID	Issue summary	Finding
C6.1	Normal operating expenses improperly capitalized (unusual justification given by management)	LOW
C6.2	Changes in capitalization policy or acceleration of cost capitalization	LOW
C6.4	New or unusual asset accounts appearing on the balance sheet without clear explanation	MEDIUM
C6.5	Permissible items capitalized but in amounts far exceeding industry norms	LOW
C6.7	Jump in soft assets (intangibles, deferred costs) relative to sales	MEDIUM
C6.8	Unexpected or disproportionate increase in capital expenditures	MEDIUM
C6.9	Amortization or depreciation period stretched out (extended asset lives) to reduce annual expense	HIGH
C6.11	Failure to record impairment for impaired assets	MEDIUM
C6.12	Slow amortization of inventory costs; inventory not properly expensed through COGS	LOW
C6.13	Failure to write off obsolete inventory	LOW
C6.14	Jump in inventory relative to COGS (Days Sales of Inventory rising abnormally)	MEDIUM
C7.5	Off-balance-sheet purchase commitments or contingencies not recorded despite meeting recognition criteria	LOW
C8.1	Reserves created during exceptional performance periods and released into income in weaker future periods	MEDIUM
C8.2	Windfall or one-time gains stretched out / deferred to future periods	LOW
C9.1	Assets improperly written off now to avoid future depreciation or amortization expense	LOW
C9.2	Excessive charges recorded now to build reserves that will be released to reduce future expenses	MEDIUM
C9.3	Large write-offs of assets, goodwill, or inventory coinciding with arrival of a new CEO	LOW
C9.5	Restructuring charges used to inflate future operating income (dramatic improvement right after restructuring period)	MEDIUM
C9.8	Repeated restructuring charges every quarter or year, converting recurring expenses to one-time items	HIGH
C10.2	Complex off-balance-sheet structures (subsidiaries, JVs, partnerships) used to shift financing inflows to operating section	MEDIUM
C10.3	CFFO boosted by early sale (discounting) of receivables before collection date	MEDIUM
C10.4	Sudden large swings in receivable or payable accounts on the cash flow statement	MEDIUM
C10.5	Disclosure of selling receivables with recourse; incomplete or vague notes about receivables	LOW
C10.6	Changes in wording of key disclosure items between annual reports (subtle meaning changes)	LOW

ID	Issue summary	Finding
C10.7	CFFO inflated by faking sale of receivables (receivables remain economically owned by company)	LOW
C10.9	Reduced disclosure relative to prior period (hiding something by omitting previously reported detail)	LOW
C11.2	Normal operating costs improperly capitalized, shifting cash outflow from CFO to CFI	MEDIUM
C11.3	New or unusual asset accounts with no clear business justification; cash receipts routed through vague assets	LOW
C12.2	Company makes numerous acquisitions (frequent acquirers — used to hide financial manipulation or restate financials)	LOW
C12.6	Business sold but related receivables retained by seller — receivable collections recorded as CFO despite business no longer owned	LOW
C13.1	CFFO boosted by deliberately slowing vendor payments	MEDIUM
C13.2	Accounts payable increasing faster than COGS (paying vendors more slowly)	HIGH
C13.3	Increases in 'other payables' accounts that may reclassify operating outflows to financing or investing	MEDIUM
C13.4	Large, unexplained positive swings on the statement of cash flows	MEDIUM
C13.5	Accounts payable financing (bank loans used to pay vendors, loan receipt treated as operating inflow)	MEDIUM
C13.6	New or changed disclosure about prepayment timing or payment schedule changes	MEDIUM
C13.9	CFFO inflated by one-time items (e.g., litigation settlement) that flow through net income and are not adjusted out	LOW
C14.1	Change in definition or calculation of a key operating metric (e.g., ARPU, revenue per unit, order book)	LOW
C14.5	Misleading metric highlighted as a surrogate for earnings (e.g., 'Cash EBITDA,' 'Adjusted Operating Income')	MEDIUM
C14.6	Recurring charges presented as non-recurring or one-time to improve reported operating income	HIGH
C15.1	Accounts receivable metrics distorted to hide revenue problems (receivables converted to notes, reclassified, or discounted to align with sales)	MEDIUM
C15.2	Large sudden decline in DSO following several quarters of rising receivables (indicates previously recorded bogus revenue now being 'collected' via write-offs or reclassification)	MEDIUM
C15.4	Inventory metrics distorted to hide profitability problems (channel stuffing, reclassifying inventory as asset)	LOW