QUALITY OF EARNINGS AND ACCOUNTING RISK REPORT

# Atlantis Semiconductor Ltd

Atlantis Semiconductor Ltd

| Fiscal range | Industry | Documents read |
|---|---|---|
| FY2022–FY2025 | Semiconductors & Semiconductor Equipment | 3 |




FY2025 RATING

## Mixed accounting signals

FY2025 rating · lower accounting risk than 92% of listed companies · score quality highly robust

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**An illustrative study: Lynx's own output, unedited, on filings written for a fictitious company. Its findings describe that company and nothing else.**

AT A GLANCE · FY2025 RATING

# Mixed accounting signals

A

Less risky than 92%

Lower accounting risk — Higher accounting risk

**Lower accounting risk than 92% of listed companies**

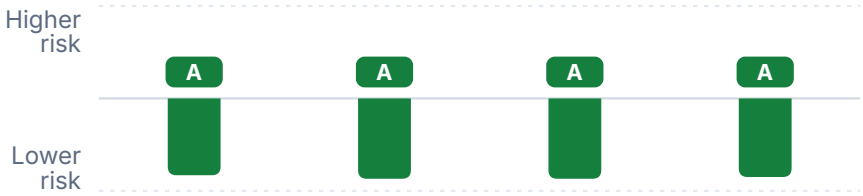
**Lower accounting risk than 92% of companies in its industry**

Compared with about 227,000 years of accounts from listed companies worldwide, 2019-2023.

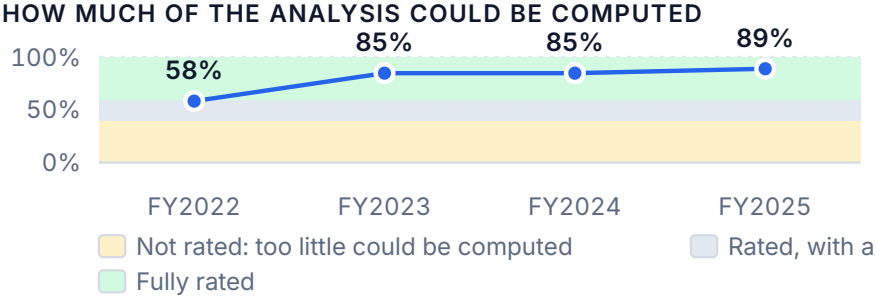
| ACCOUNTING RISK VS LISTED COMPANIES | FLAGGED INDICATORS | SERIOUS FINDINGS | CASH COVER |
|---|---|---|---|
| **Less risky than 92% of listed companies** | **11** + 18 watch | **1** of 29 | **1.07** × |
| FY2022 less risky than 91% to FY2025 less risky than 92% | of 104 read for FY2025 | 0 critical · 1 high · 15 medium | operating cash over profit before tax, FY2025 |

## RISK TRAJECTORY

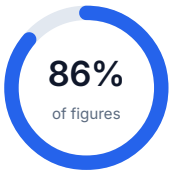
### ACCOUNTING RISK VS LISTED COMPANIES




### HOW MUCH OF THE ANALYSIS COULD BE COMPUTED




## HOW MUCH WAS READ




extraction coverage of the figures the analysis looks for




analysis computed · a rating needs 40% · a full reading 60%

## THE FIVE MOST SERIOUS FINDINGS

| | | | |
|---|---|---|---|
| 1 | High | **Intangibles near top of industry with acquisition unchecked**<br>FY2025 · Indicator analysis | *Reads Intangible Assets* |
| 2 | Medium | **Capitalised development cost is a recurring key audit matter**<br>FY2025 · Document review | (atlantis-annual-report-2025.pdf · p.4) |
| 3 | Medium | **Extended distributor payment terms recur in each report**<br>FY2025 · Document review | (atlantis-annual-report-2025.pdf · p.3) |
| 4 | Medium | **Receivables grew faster than sales in every computed year**<br>FY2025 · Indicator analysis | *Reads Days Sales Outstanding · Accounts Receivable Turn · Change in Accounts Receivable Index* |

5 Medium **Longer equipment lives lowered the depreciation charge**
FY2025 · Document review
(atlantis-annual-report-2024.pdf · p.3)

01
THE ANSWER

# Executive summary

The rating for the headline year, the main threads behind it, and the verdict.

### Verdict for FY2025

| ITEM | VALUE | WHAT IT MEANS |
|---|---|---|
| Rating | A | Accounting risk for the year, from A+ (lowest) to F (highest) |
| Accounting risk vs listed companies | Less risky than 92% of listed companies | Where the year sits among listed companies worldwide, all industries |
| Accounting risk within its industry | Less risky than 92% of companies in its industry | Where the year sits among companies in its industry, on the same readings |
| Financial pressure vs listed companies | Less risky than 84% of listed companies | Strain in the finances (debt, margins, working capital, distress scores), the kind that can push a company to flatter its accounts |
| Financial pressure within its industry | Less risky than 85% of companies in its industry | Strain in the finances (debt, margins, working capital, distress scores), the kind that can push a company to flatter its accounts |
| Warning signs in the accounts vs listed companies | Less risky than 84% of listed companies | Signs in the accounts themselves, such as accruals, cash against profit, asset quality, restatements and the audit opinion |
| Warning signs in the accounts within its industry | Less risky than 79% of companies in its industry | Signs in the accounts themselves, such as accruals, cash against profit, asset quality, restatements and the audit opinion |
| Years rated | FY2025, FY2024, FY2023, FY2022 | |
| Years not rated | None | |
| Score quality | Highly robust | The share of the year's indicators that could be computed, each counted once: Highly robust from 75%, Robust from 50%, Fragile from 25% |
| Extraction coverage | 86.0% | The share of the line items Lynx looks for that it found in the filings |
| Analysis computed | 88.8% | How much of the analysis could be computed, weighted by each indicator's part in the rating; a rating needs 40%, and is fully rated from 60% |
| Confidence | High | How far to rely on this reading, from coverage and how the figures were read |
| Reporting quality | Strong | What the filings themselves show, such as the audit opinion, restatements and whether the statements add up |

*The rating draws on more than this report shows: alongside the indicators set out here, Lynx's assessment uses other sources and indicators, not all of which appear in the report.*

**Most significant observations**

| OBSERVATION | YEAR | SOURCE | PAGE |
|---|---|---|---|
| Intangibles near top of industry with acquisition unchecked | 2025 | Computed from Intangible Assets | — |
| Capitalised development cost is a recurring key audit matter | 2025 | atlantis-annual-report-2025.pdf | `atlantis-annual-report-2025.pdf · p.4` |
| Extended distributor payment terms recur in each report | 2025 | atlantis-annual-report-2025.pdf | `atlantis-annual-report-2025.pdf · p.3` |

## KEY FINDINGS

**The strongest findings sit in capitalisation and in receivables**.

- Newly Acquired Intangible Assets is the largest driver of the rating, yet its comparison sets this company's plant spending against other companies' intangible purchases.
- Intangible assets sit near the top among companies in its industry, with no acquisition declared and capitalised development open as the explanation.
- The auditor's key audit matter on that capitalisation judgement recurs in each report read. (atlantis-annual-report-2025.pdf · p.4)
- Extended distributor payment terms are disclosed each year while receivable days lengthen. (atlantis-annual-report-2025.pdf · p.3)
- Lengthened equipment lives lowered the depreciation charge, with no quantified effect given. (atlantis-annual-report-2024.pdf · p.3)
- Against these, operating cash exceeded operating profit throughout and the audit opinions read were unqualified.

The measures and the filings agree most closely on capitalisation and on receivables. The sections that follow set each of these out in full.

## VERDICT

**The accounts of the latest year carry the study's low-risk reading**. The filings behind it look orderly: operating cash exceeded operating profit throughout the window, and the audit opinions read were unqualified. A large intangible balance grew with no acquisition declared, leaving development costs held off the profit statement as one open explanation. Receivables grew faster than sales each year from 2023 to 2025. Longer payment terms for distributors are disclosed in each report. (atlantis-annual-report-2025.pdf · p.3) The rating is a reason to look closer at the filings, not a finding of misstatement. The earliest year's report was not among the filings, so its rating rests on comparatives.

Lynx removed one statement from this section because it could not be verified against the study's data.

02
IN THE FILINGS

# Forensic narrative

What the filings show when they are read together, and the passages the reading rests on.

## IN SHORT

**The study's reading rests on no single measure**. The largest driver, Newly Acquired Intangible Assets, sets this company's plant spending against other companies' intangible purchases, and its own report calls the comparison broken. Affiliates tops its range mainly because most companies leave the line empty (atlantis-annual-report-2025.pdf · p.13). Intangible Assets is the driver with filings behind it, near the top of companies in its industry with no acquisition declared.

## WHAT THE READING TURNS ON

**The conclusion turns on capitalised development cost and on extended distributor credit terms**.

- Capitalised development cost grew much faster than revenue, and the auditor singles out management's judgement over which projects qualify for capitalisation in each report read, confirming the judgement exists rather than that it was misused (atlantis-annual-report-2023.pdf · p.2) (atlantis-annual-report-2025.pdf · p.4).
- The intangible share of assets sits near the top of companies in its industry in every year and climbs smoothly, with no acquisition declared and the acquisitions line never found in the filings.
- The disclosed extension of equipment lives lowered the depreciation charge prospectively, with no quantified effect given (atlantis-annual-report-2024.pdf · p.3).
- Longer payment terms for the same automotive distributors appear in both the management review and the receivables note each year, stretched beyond the standard credit period, a dealing that can pull revenue forward (atlantis-annual-report-2025.pdf · p.3) (atlantis-annual-report-2023.pdf · p.12).
- Receivables outgrew sales in every computed year and collection days lengthened, while the bad-debt provision grew in step with the receivables book.

The filings give the mechanism and the measures the trend, though the drift is gradual and fits a scaling business winning larger customers on longer terms.

## OTHER PRESSURES

**A few readings add to the concern without filings behind them**.

- The drift of tax paid below the tax charge stands with no filing passage behind it, while the deferred tax liability climbs each year and supports the timing explanation.
- Audit Fees read high among semiconductor companies in every year, attributed to a small asset base rather than to scope or effort.
- Volatility of Cash adds to the risk reading, computed only in 2025 on the shortest window the measure accepts.

## WHAT THE COMPANY'S CONTEXT EXPLAINS

**The declared context of a scaling, asset-light semiconductor company reporting under the international standard explains a set of weak readings as expected rather than concerning**. Soft Assets Ratio, the Depreciation Index, the accrual measures, Opex-Capex Deviation, Revenue, Capex Growth, Investing Activities, Return on Productive Assets, the profitability flags and the composite bankruptcy score all sit there. The same

context makes margins, inventory turnover and the receivable measures worth more attention than usual, and it looks at Intangible Assets harder rather than excusing it. What it leaves unexplained is much of the heaviest material: the tax drift, the distributor stocking terms and sales per employee at the top of the industry.

## WHAT ARGUES AGAINST CONCERN

**The filings carry real evidence against concern**. Every audit opinion found was unqualified, and no figure printed differently from first publication anywhere in the filings read. Profit was collected in cash throughout, with operating cash exceeding operating income in every year and operating cash against assets near the top of companies in its industry, the fact that makes invented sales hardest to sustain. The extended distributor terms were declared openly in both the management review and the receivables note, and the bad-debt provision grew in step with the receivables book (atlantis-annual-report-2025.pdf · p.3). Capitalised development follows the standard the accounts are drawn up under and grows alongside a mid-range capital-spending pace (atlantis-annual-report-2023.pdf · p.2).

## WHAT THE RECORD CAN'T SETTLE

**The record leaves the accounts' central judgements untested**. No filing shows how the capitalisation tests were applied to individual projects, so what the rising intangible balance holds rests on the disclosed policy alone. The distributor stocking terms are disclosed, but their effect on the timing of revenue is quantified nowhere (atlantis-annual-report-2023.pdf · p.12). The acquisitions line was never found, so deal activity is unchecked and the absence of a declared acquisition rests on the declared setup alone. The capitalisation workings and the ageing of the stocking distributors' balances are where a closer look would go. Data limits sit under Reporting quality.

## IN THE FILINGS' OWN WORDS

> “Sales of HK$23,470 thousand were made to the associate on normal commercial terms.” (atlantis-annual-report-2025.pdf · p.13)

> “Development spending that meets the criteria of HKAS 38 is capitalised and amortised over five years once a product enters production; in 2023 we capitalised HK$71,500 thousand of development cost, compared with HK$52,000 thousand a year earlier.” (atlantis-annual-report-2023.pdf · p.2)

> “The Group capitalises development costs when the criteria of HKAS 38 are met. We assessed management's judgement on technical feasibility and the probability of future economic benefits for the projects capitalised in the year.” (atlantis-annual-report-2025.pdf · p.4)

> “From 1 January 2024 the Group revised the estimated useful life of its wafer test and probe equipment from eight to ten years, following a review of its utilisation; the change is applied prospectively and lowered the depreciation charge for the year.” (atlantis-annual-report-2024.pdf · p.3)

> “Longer terms were agreed with two automotive distributors during the year to support their stocking programmes.” (atlantis-annual-report-2025.pdf · p.3)

03
TWO READINGS

# Auditor & investor theses

The strongest case each way, and the evidence each rests on.

### Line items the observations touch

| LINE ITEM | OBSERVATIONS | HIGHEST SEVERITY | YEAR | MOST SEVERE |
|---|---|---|---|---|
| Additions to Intangible Assets (Note) | 2 | Medium | 2025 | Capitalised development cost is a recurring key audit matter |
| Depreciation Expense | 2 | Medium | 2025 | Longer equipment lives lowered the depreciation charge |
| Intangible Assets | 2 | Medium | 2025 | Capitalised development cost is a recurring key audit matter |
| Own Work Capitalised | 2 | Medium | 2025 | Capitalised development cost is a recurring key audit matter |
| Revenue/Sales | 2 | Medium | 2025 | Extended distributor payment terms recur in each report |
| Trade Receivables | 2 | Medium | 2025 | Extended distributor payment terms recur in each report |
| Additions to Tangible Fixed Assets (Note) | 1 | Medium | 2025 | Longer equipment lives lowered the depreciation charge |
| Depreciation and Amortisation (Cash Flow) | 1 | Medium | 2025 | Longer equipment lives lowered the depreciation charge |
| Depreciation and Amortisation (Income Statement) | 1 | Medium | 2025 | Longer equipment lives lowered the depreciation charge |
| Provision for Bad Debts | 1 | Medium | 2025 | Revenue recognition policy disclosed, FY2023, FY2024, FY2025 filings |

### Figures a later filing restated

*No restatement moved a core figure or reached medium severity.*

## THE CONSTRUCTIVE CASE

**The filings read as those of an honest company in scale-up**. Audit opinions were unqualified wherever found, with no restatement row in the filings; the digit tests read clean. Profit was collected in cash throughout, with operating cash exceeding operating income every year. Capitalised development follows the standard, is disclosed each year and grows alongside a mid-range capital-spending pace (atlantis-annual-report-2025.pdf · p.4). The extended distributor terms were declared openly, the bad-debt provision grew in step, and collection days sit near the industry middle (atlantis-annual-report-2025.pdf · p.3). The readings that carry weight carry ordinary explanations, each told in the forensic narrative. Newly Acquired Intangible Assets' comparison is broken by construction, affiliates tops its range mainly because the line is empty elsewhere, and audit fees read against a small asset base (atlantis-annual-report-2025.pdf · p.13).

### THE SCEPTICAL CASE

**The open questions concentrate in judgements that move profit**. The intangible share of assets sits near the top of companies in its industry in every year; with no acquisition declared, capitalised development or software costs stay open. Capitalised development cost grew faster than revenue, and the judgement over which projects qualify decides what avoids the income statement (atlantis-annual-report-2023.pdf · p.2). Receivables grew faster than sales in every computed year, the pattern the area watches most closely. The lengthened equipment lives lifted profit with no quantified effect given (atlantis-annual-report-2024.pdf · p.3). Tax paid slid below the tax charge in every year. Asset growth ran ahead of sales with deals unchecked. The comparison behind Newly Acquired Intangible Assets is broken by construction, so that standing measures plant investment rather than intangible purchases. Each is a reason to look closer, not a finding of misstatement.

## 04 REPORTING

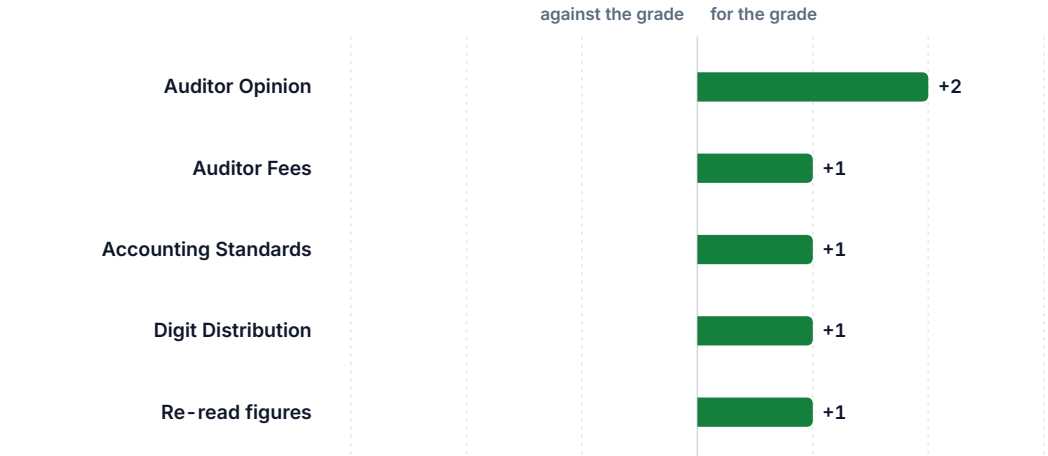
# Reporting quality

How well the filings report: the observations behind the grade, for and against.

I II III IV V

Reporting quality I Strong, on a scale from I Strong to V Poor. Net points +6. Study quality says how much of the analysis the data allowed; reporting quality describes the filings. Neither is a judgement of the company.

**FIGURE 4** **Points for and against the grade** 5 observations




### What the reporting quality grade was read from

| ITEM | SOURCE |
|---|---|
| Reporting quality | I Strong |
| The audit opinion is unmodified. | Auditor Opinion |

| ITEM | SOURCE |
|---|---|
| Audit fees moved +7% against the prior year. | Auditor Fees |
| The filings state the accounting framework they were prepared under. | Accounting Standards |
| No departure from the expected digit distribution is detectable in the 76 figures tested. | Digit Distribution |
| 4 published figures could not be checked against a figure that was not confirmed; every other published figure passes the statement identities it takes part in. | Statement identities |
| 2% of the published figures were not confirmed by a second reading. | Re-read figures |

*Study quality says how much of the analysis the data allowed; reporting quality describes the filings. Neither is a judgement of the company.*

## REPORTING INTEGRITY

**The reporting quality grade reads strong**. The audit opinion is unmodified, audit fees moved modestly against the prior year, and the filings state the accounting framework they were prepared under. The published figures pass the digit-distribution check. Apart from a small number that could not be checked, they pass the statement identities they take part in. A small share of published figures were not confirmed on a re-read. The grade describes the filings, not a judgement of the company.

**The study behind the grade carries limits of its own**. Study quality reads substantial, set not by how the documents were read but by how many analyses they could carry. The figures were read confidently and checked against the totals they belong to. The grade is held down by the analyses left uncomputed:

- Net Fixed Assets holds back the Margins and Manipulation Detection categories, and Preferred Equity holds back part of Valuation.
- Several analyses need longer runs of consecutive years than the filings supply, holding back accrual-quality readings.
- Others wait on a comparison with companies in the same industry and year, not yet available.
- The earliest year carries a caution of reduced reliability, because fewer figures could be read for it.

# 05 Deal implications

FOR THE READER

For a reader who has already decided to make an investment: what to prioritise, what to do and what to look into. Lynx makes no recommendation on whether to make it.

**Diligence priorities**

| # | OBSERVATION | SEVERITY | SOURCE | PAGE |
|---|---|---|---|---|
| 1 | Intangibles near top of industry with acquisition unchecked | High | Computed from Intangible Assets | — |
| 2 | Capitalised development cost is a recurring key audit matter | Medium | atlantis-annual-report-2025.pdf | atlantis-annual-report-2025.pdf · p.4 |
| 3 | Extended distributor payment terms recur in each report | Medium | atlantis-annual-report-2025.pdf | atlantis-annual-report-2025.pdf · p.3 |
| 4 | Receivables grew faster than sales in every computed year | Medium | Computed from Accounts Receivable Turn, Change in Accounts Receivable Index, Days Sales Outstanding | — |
| 5 | Longer equipment lives lowered the depreciation charge | Medium | atlantis-annual-report-2024.pdf | atlantis-annual-report-2024.pdf · p.3 |
| 6 | Asset growth outpaces sales with deals unchecked | Medium | Computed from Asset Growth | — |
| 7 | Cost capitalisation policy disclosed, FY2023, FY2024, FY2025 filings | Medium | atlantis-annual-report-2025.pdf | atlantis-annual-report-2025.pdf · p.3 |
| 8 | Revenue recognition policy disclosed, FY2023, FY2024, FY2025 filings | Medium | atlantis-annual-report-2025.pdf | atlantis-annual-report-2025.pdf · p.12 |

*13 lower-severity findings are not listed; the Findings tab lists every finding.*

## VALUATION

**Capitalised development and receivables carry the readings that touch valuation.**

- The intangible balance sits near the top among companies in Semiconductors & Semiconductor Equipment and rests on management's judgement over which development projects qualify for capitalisation (atlantis-annual-report-2025.pdf · p.4).
- Revenue and trade receivables move together through the disclosed distributor stocking terms, a dealing that can pull sales into a reporting period (atlantis-annual-report-2025.pdf · p.3).

- The depreciation charge carries a life extension applied prospectively with no quantified effect given (atlantis-annual-report-2024.pdf · p.3).
- The tax line leans on a deferred liability that climbed each year while a shrinking share of the charge was paid in cash.

## DILIGENCE

**The asks follow the observations in the table above**.

- The intangibles note, which would separate capitalised development from purchased software and show the amortisation periods and impairment tests behind the balance.
- The capitalisation assessments for each development project, which would show the evidence behind the judgement on feasibility and future benefits the auditor singles out each year (atlantis-annual-report-2025.pdf · p.4).
- The distributor stocking agreements, which would establish the counterparties, the terms granted beyond the standard credit period and the revenue the arrangements timed in (atlantis-annual-report-2025.pdf · p.3) (atlantis-annual-report-2025.pdf · p.12).
- Receivables ageing and the bad-debt provision, which would show whether the lengthening collection days carried growing credit risk behind the stocking support.
- The depreciation life review for the wafer test and probe equipment, which would show the utilisation evidence and the profit effect the filing leaves unquantified (atlantis-annual-report-2024.pdf · p.3).
- The asset growth bridge, which would show how much of the growth above sales came from plant investment and how much from other additions.

The dealings themselves are disclosed openly in each report read, and the opinions read were unqualified; the asks test the judgements behind the disclosures, not their visibility (atlantis-annual-report-2025.pdf · p.3).

## POST-INVESTMENT PRIORITIES

**Monitoring would centre on the subjects the Diligence asks cover**.

- Intangible additions against revenue each period, which would show whether capitalisation kept outrunning the top line.
- Receivable days and the stocking terms, where further extension would keep moving revenue and collection days in the company's favour (atlantis-annual-report-2025.pdf · p.3).
- Depreciation estimates, where a further life change would lift operating profit again without a quantified disclosure (atlantis-annual-report-2024.pdf · p.3).
- Asset growth against sales, since growth above sales with no acquisition leaves capitalised costs open.
- The auditor's treatment of the capitalisation judgement, whose narrowing would change how the intangible balance reads (atlantis-annual-report-2025.pdf · p.4).

## FIRST HUNDRED DAYS AFTER INVESTING

**The earliest work would settle the judgements that move profit**.

- The composition and amortisation schedule of the intangible balance, which would show what it contains and how fast it becomes profit.
- The stocking agreements and their terms, which would show how much recent revenue the arrangements carried and to whom (atlantis-annual-report-2025.pdf · p.3).

- The quantified effect of the depreciation life change, which would show how much profit the estimate lifted (atlantis-annual-report-2024.pdf · p.3).
- The asset growth bridge, which would show whether plant investment alone explains growth above sales.

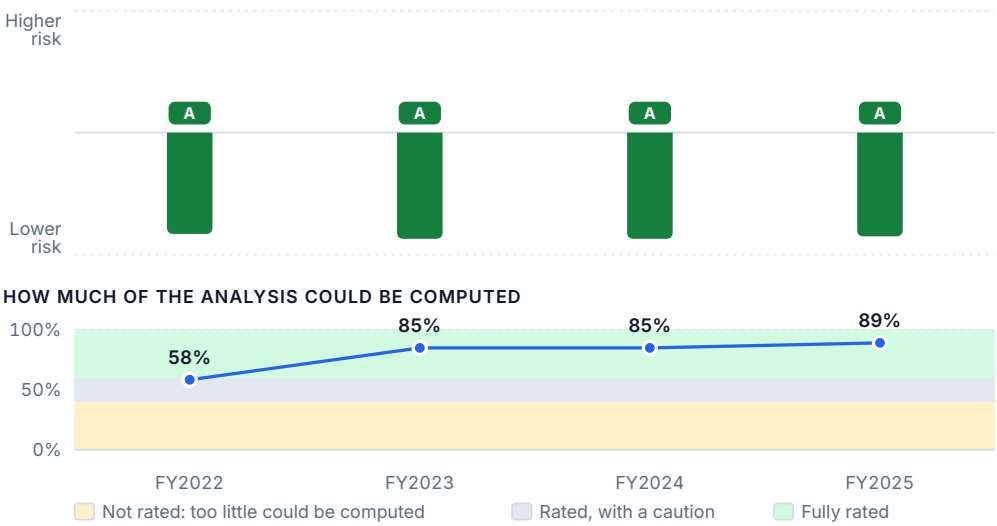
## 06 OVER TIME

# Risk trajectory

Each year's accounting risk vs listed companies, beside how much of the analysis could be computed that year.

**FIGURE 6** **Accounting risk vs listed companies and how much of the analysis could be computed, by year**

FY2022–FY2025




accounting risk vs listed companies, column coloured by its rating — how much of the analysis could be computed

### Risk by fiscal year

| YEAR | RATING | ACCOUNTING RISK VS LISTED COMPANIES | ACCOUNTING RISK WITHIN ITS INDUSTRY | SCORE QUALITY | ANALYSIS COMPUTED | LEADING INDICATOR |
|---|---|---|---|---|---|---|
| FY2025 | A | Less risky than 92% of listed companies | Less risky than 92% | Highly robust | 88.8% | Newly Acquired Intangible Assets |
| FY2024 | A | Less risky than 93% of listed companies | Less risky than 94% | Highly robust | 84.6% | Newly Acquired Intangible Assets |
| FY2023 | A | Less risky than 93% of listed companies | Less risky than 94% | Highly robust | 84.6% | Newly Acquired Intangible Assets |

| YEAR | RATING | ACCOUNTING RISK VS LISTED COMPANIES | ACCOUNTING RISK WITHIN ITS INDUSTRY | SCORE QUALITY | ANALYSIS COMPUTED | LEADING INDICATOR |
|---|---|---|---|---|---|---|
| FY2022 | A (reduced reliability) | Less risky than 91% of listed companies | Less risky than 91% | Fragile | 58.0% | Earnings (Basic Earnings Power Ratio) |

Within its industry: compared with companies in Semiconductors & Semiconductor Equipment.

*Reduced reliability: the rating for FY2022 (58.0%) rests on fewer indicators computed than the 60% a full reading needs. Read it as indicative, not conclusive.*

### TREND

**The rating holds the A band while the footing beneath it moves**. FY2022 carries the weakest footing: score quality reads Fragile under a caution of reduced reliability, its auditor's opinion was not found, and several accrual measures could not be computed. From FY2023 score quality reads Highly robust every year with themes steady rather than new: the intangible share of assets sits near the top of its industry throughout, receivables outgrow sales, the same automotive distributors receive extended terms each report, and the auditor's capitalisation judgement recurs. FY2024's Depreciation Index spike tracks the disclosed equipment-life extension; FY2025 adds a digit deviation rise its report calls unremarkable, a flipped long-term debt test and tax paid slipping below the tax charge.

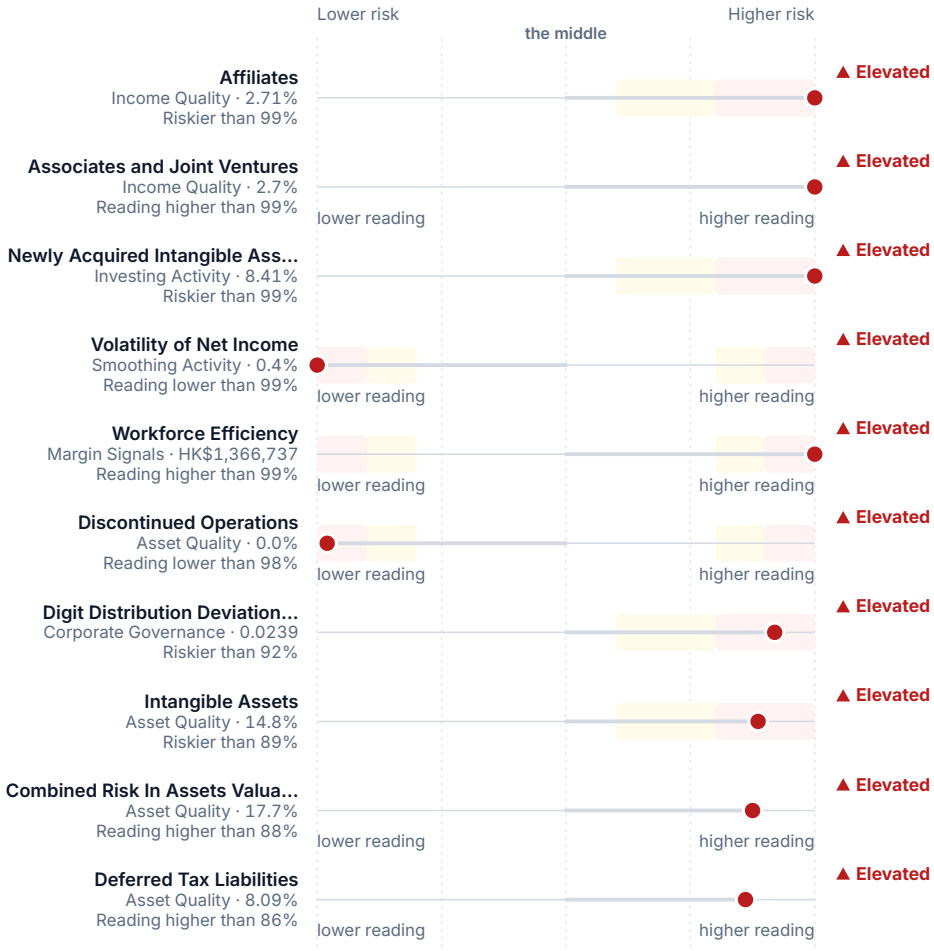
## 07 EVIDENCE

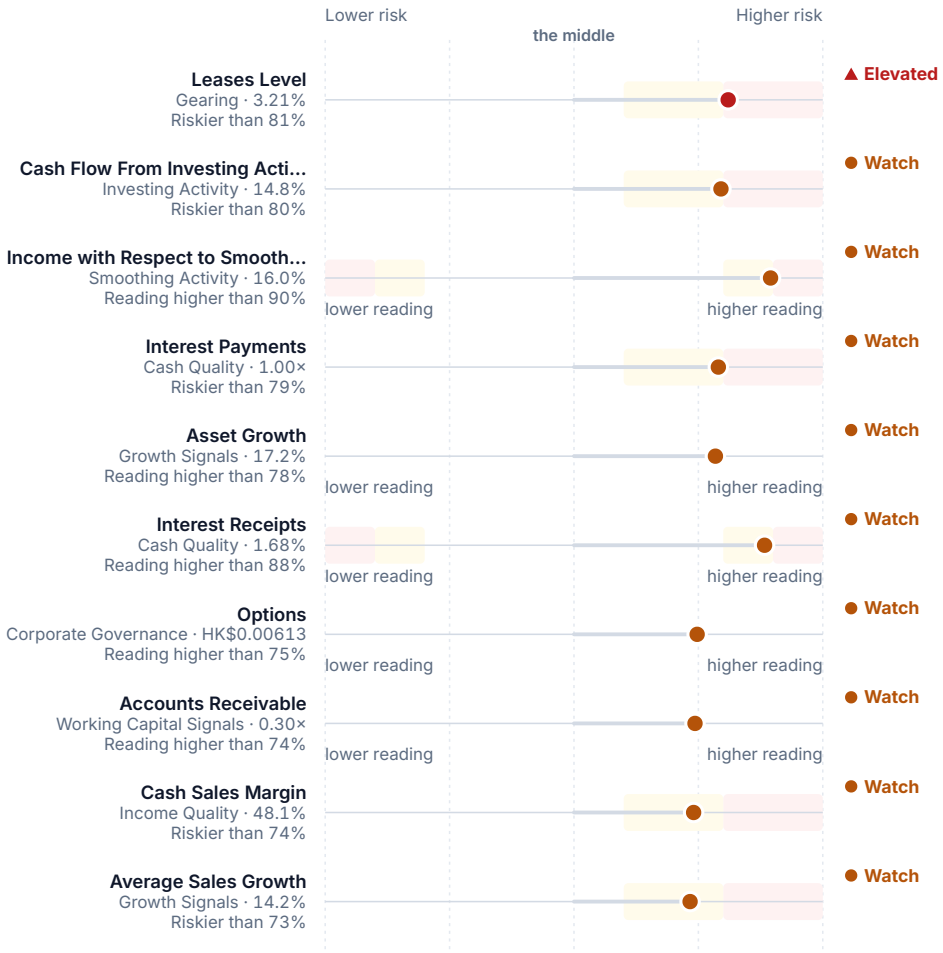
# Detailed risk indicator analysis

Where each flagged indicator sits among the companies it is compared with in the headline year.

**FIGURE 7** **Where the flagged indicators sit**

## FY2025 · Compared with companies in Semiconductors & Semiconductor Equipment









Red: the riskiest 20% of the companies this indicator is compared with. A reading here is Elevated.

Amber: the next 20%. A reading here is Watch.

Where both ends of a row are shaded, either end can raise risk.

On the other rows, higher risk is to the right; for some indicators that is a lower reading.

No shading: Lynx doesn't state which end of the scale is riskier for this indicator.

### Indicators flagged for the headline year

| INDICATOR | CATEGORY | VALUE | POSITION | TREND | RISK LEVEL | STATUS |
|---|---|---|---|---|---|---|
| Newly Acquired Intangible Assets | Investing Activity | 8.41% | Higher risk than 99% | Rising over 3 years | Elevated | Computed |
| Affiliates | Income Quality | 2.71% | Higher risk than 99% | Falling over 4 years | Elevated | Computed |
| Associates and Joint Ventures | Income Quality | 2.7% | Reading higher than 99% | Falling over 4 years | Elevated | Computed |
| Volatility of Net Income | Smoothing Activity | 0.4% | Reading lower than 99% | — | Elevated | Computed |
| Workforce Efficiency | Margin Signals | HK$1,366,737 | Reading higher than 99% | Rising over 4 years | Elevated | Computed |
| Discontinued Operations | Asset Quality | 0.0% | Reading lower than 98% | Stable over 4 years | Elevated | Computed |
| Digit Distribution Deviation Score | Corporate Governance | 0.0239 | Higher risk than 92% | Rising over 4 years | Elevated | Computed |
| Intangible Assets | Asset Quality | 14.8% | Higher risk than 89% | Rising over 4 years | Elevated | Computed |
| Combined Risk In Assets Valuation | Asset Quality | 17.7% | Reading higher than 88% | Rising over 4 years | Elevated | Computed |
| Deferred Tax Liabilities | Asset Quality | 8.09% | Reading higher than 86% | Rising over 3 years | Elevated | Computed |
| Leases Level | Gearing | 3.21% | Higher risk than 81% | Falling over 4 years | Elevated | Computed |
| Cash Flow From Investing Activities | Investing Activity | 14.8% | Higher risk than 80% | Rising over 3 years | Watch | Computed |
| Income with Respect to Smoothing | Smoothing Activity | 16.0% | Reading higher than 90% | Falling over 3 years | Watch | Computed |
| Interest Payments | Cash Quality | 1.00× | Higher risk than 79% | Stable over 4 years | Watch | Computed |
| Asset Growth | Growth Signals | 17.2% | Reading higher than 78% | Rising over 3 years | Watch | Computed |
| Interest Receipts | Cash Quality | 1.68% | Reading higher than 88% | Rising over 3 years | Watch | Computed |

| INDICATOR | CATEGORY | VALUE | POSITION | TREND | RISK LEVEL | STATUS |
|---|---|---|---|---|---|---|
| Options | Corporate Governance | HK$0.00613 | Reading higher than 75% | Rising over 3 years | Watch | Computed |
| Accounts Receivable | Working Capital Signals | 0.30× | Reading higher than 74% | Rising over 4 years | Watch | Computed |
| Cash Sales Margin | Income Quality | 48.1% | Higher risk than 74% | Falling over 3 years | Watch | Computed |
| Average Sales Growth | Growth Signals | 14.2% | Higher risk than 73% | Rising over 3 years | Watch | Computed |
| Soft Assets Ratio | Asset Quality | 55.3% | Higher risk than 69% | Falling over 4 years | Watch | Computed |
| Digit Distribution Percentage Deviation | Corporate Governance | 1.54 | Reading higher than 69% | Falling over 4 years | Watch | Computed |
| Investments In Associates | Asset Quality | 2.94% | Reading higher than 68% | Falling over 4 years | Watch | Computed |
| Adjusted Financial Strength Score | Credit | 56% | Reading lower than 68% | Falling over 3 years | Watch | Computed |
| Long Term Borrowing | Gearing | 0.18× | Reading higher than 67% | Falling over 4 years | Watch | Computed |
| Change in Accounts Receivable Index | Working Capital Signals | 1.08× | Higher risk than 65% | Rising over 3 years | Watch | Computed |
| Accounts Payable | Working Capital Signals | 0.11× | Higher risk than 63% | Falling over 4 years | Watch | Computed |
| Accrual Activities | Accruals Management | −1.2% | Reading higher than 62% | Rising over 4 years | Watch | Computed |
| Net Debt | Gearing | −0.36× | Reading higher than 62% | Falling over 4 years | Watch | Computed |

Compared with companies in Semiconductors & Semiconductor Equipment.

*75 other indicators were computed for FY2025; 65 read normal and 10 could not be rated (not compared with other companies, or no risk direction); the Indicators tab and the data exports list every indicator computed from the filings.*

## EARNINGS QUALITY

**The income and smoothing flags read high on small or steady lines, Workforce Efficiency the exception**. Affiliates and Associates and Joint Ventures top the standings among companies in their industry on small, stable investee profit shares. Cash Sales Margin sits above most companies in its industry. Income with Respect to Smoothing sits near the top of that population. Volatility of Net Income sits at the bottom, cash as steady as income. Accrual Activities sits around the middle, with operating cash above profit. Workforce

Efficiency sits at the top of companies in its industry, the gap widening beside an ordinary gross margin. The area reads that pairing as revenue passed through, though headcount definitions could explain it.

## ASSET QUALITY

**Asset and growth flags share one story of plant-heavy scaling, the intangibles climb the open question among them**. Intangible Assets sits near the top of companies in its industry and climbs smoothly with no acquisition declared. Combined Risk In Assets Valuation repeats that quantity. Newly Acquired Intangible Assets sits at the extreme of companies in its industry on a comparison broken by construction, plant spending against other companies' intangible purchases. It measures plant investment, as Cash Flow From Investing Activities near the industry top does. Asset Growth outgrew Average Sales Growth in every computed year. Deferred Tax Liabilities climbs high among companies in its industry, plausibly tax depreciation outrunning book depreciation.

## LEVERAGE & LIQUIDITY

**Leverage is modest in absolute terms while the industry's thin-debt shape lifts the standings, and the credit score moved**. Leases Level sits above most companies in its industry though the obligation is small, an industry-shape effect. Long Term Borrowing reads above the middle among companies in its industry, a small term loan in a population with little debt. Net Debt reads higher, yet the sign is negative in every year: cash exceeds borrowings and leases, a net cash position. Adjusted Financial Strength Score reads lower and slid from above the middle of its industry to well below it. The slip traces to the long-term debt test flipping to fail while the others held. That marks rising reporting pressure, not misstatement.

## CASH FLOW QUALITY

**The cash flags pair one mechanical reading with the receivables build that repeats every computed year**. Interest Payments sits above most companies in its industry at exact parity with interest expense. Equality that precise suggests the cash figure was read from the expense line, and the reading settles neither way. Interest Receipts sits above most companies in its industry, consistent with rising deposit rates. Change in Accounts Receivable Index reads higher, receivables outgrowing sales in every computed year. Accounts Receivable sits above the middle of companies in its industry, flat against growing equity, and Accounts Payable reads higher there, falling steadily. Operating cash exceeded operating profit throughout, pointing to collection terms rather than revenue booked ahead of cash.

## GOVERNANCE & MANAGEMENT

Digit Distribution Deviation Score sits near the top of companies in its industry in the latest year. A departure that size arises by chance too often to flag. Both rolling averages stay ordinary, so the spike is one year's sampling spread. Digit Distribution Percentage Deviation reads higher in the earliest year and fades steadily after, small-sample noise on the same figures. Options reads higher among companies in its industry and has risen since it first became computable, set against low equity pay overall. That fits a growing award pool at a scaling company, and the share-based payment note would confirm the grants are small.

Lynx removed one statement from this section because it could not be verified against the study's data.

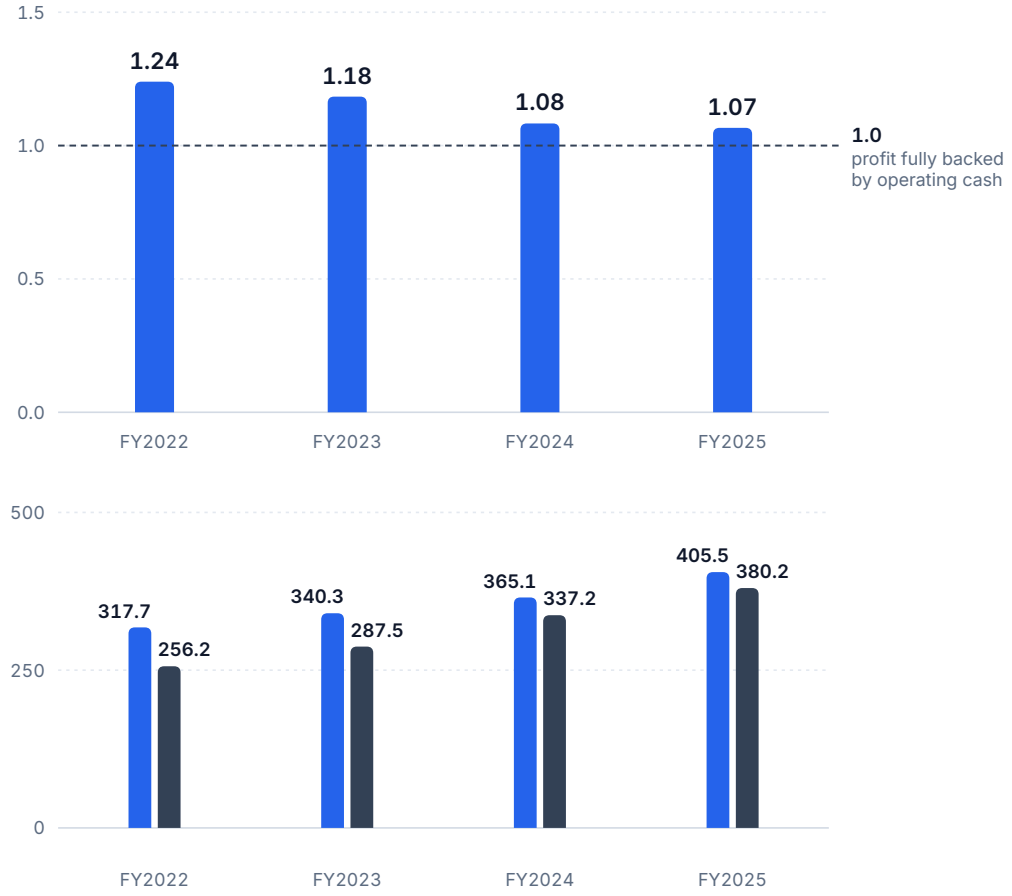
08
EVIDENCE

# Quality of earnings

Whether reported profit arrives as cash.

## FIGURE 8 Cash cover

operating cash flow ÷ profit before tax, and the two figures · HK$ millions · a bar past the scale is broken and keeps its figure




| YEAR | PROFIT BEFORE TAX · HK$ MILLIONS | OPERATING CASH FLOW · HK$ MILLIONS | CASH COVER |
|---|---|---|---|
| FY2025 | 380.2 | 405.5 | 1.07 |
| FY2024 | 337.2 | 365.1 | 1.08 |
| FY2023 | 287.5 | 340.3 | 1.18 |
| FY2022 | 256.2 | 317.7 | 1.24 |

### From EBIT to EBITDA

| LINE ITEM | PRINTED IN | FY2025 |
|---|---|---|
| EBIT | Income Statement | 399,906.0 |

| LINE ITEM | PRINTED IN | FY2025 |
|---|---|---|
| Depreciation and Amortisation (Income Statement) | Income Statement | 180,759.0 |
| EBITDA, the sum of the lines above | Computed | 580,665.0 |

### From EBITDA to operating cash flow

| LINE ITEM | PRINTED IN | FY2025 |
|---|---|---|
| EBITDA | Reported or Calculated | 580,665.0 |
| Taxes Paid | Cash Flow Statement - Supplemental Disclosure | -42,372.0 |
| Change in Working Capital | Cash Flow Statement - Operating Section | -126,123.0 |
| Other operating movements, by difference | Not printed as a line | -6,653.0 |
| Operating Cash Flow, as the filings print it | Cash Flow Statement - Operating Section | 405,517.0 |
| Capital Expenditures (memo, not part of the bridge) | Cash Flow Statement - Investing Section | 167,900.0 |

### Working capital indicators

| INDICATOR | FY2022 | FY2023 | FY2024 | FY2025 | AVERAGE |
|---|---|---|---|---|---|
| Days Sales Outstanding | — | 66.38 | 70.06 | 75.95 | 70.80 |
| Days Inventory Outstanding | — | 71.22 | 72.94 | 77.19 | 73.79 |
| Days Payable Outstanding | — | 52.49 | 49.96 | 47.22 | 49.89 |
| Cash Conversion | — | 85.11 | 93.05 | 105.91 | 94.69 |

## SUSTAINABILITY OF EARNINGS

**Operating cash kept pace with reported profit in the headline year**. The first bridge adds back only printed depreciation and amortisation, so EBITDA carries no adjustment beyond disclosed charges. In the second bridge, the change in working capital is the sizable subtraction and taxes paid a smaller line. Operating cash lands below EBITDA, and the capital expenditure memo absorbs a further part of it. Profit was collected in cash throughout the window, while tax paid slid below the charge each year. Working capital runs the other way: collection and inventory days lengthen, payables shorten and cash conversion widens in each computed year. Longer distributor terms recur in each report (atlantis-annual-report-2025.pdf · p.3), and receivables grew faster than sales. Longer equipment lives lowered depreciation, with no effect quantified (atlantis-annual-report-2024.pdf · p.3).

## PERSISTENCE

**Profit and revenue rose in every year of the window**. Cash covered operating income throughout, with accruals near the middle of companies in its industry. The cash sales margin held steady above most companies in its industry. The volatility of cash reading rests on the shortest history the measure accepts.

Sustainability of earnings tells the judgements beneath that record; capitalised development, with intangibles near the top of the industry, is the one left open.

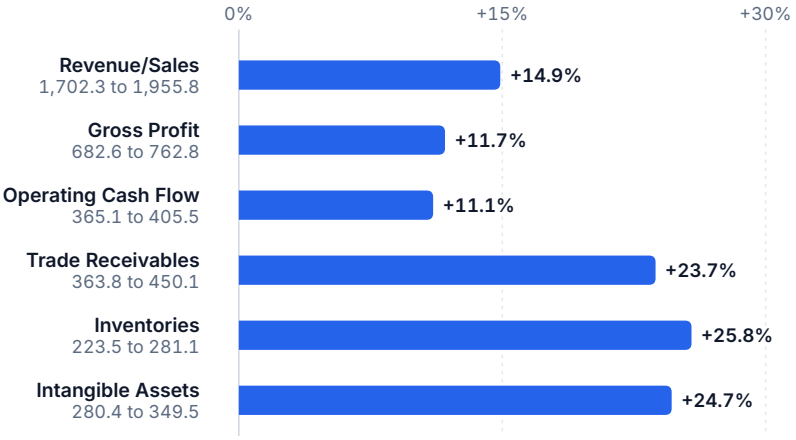
09
THE CLOSING YEAR

# Current period analysis

The headline year against the year before it.

**FIGURE 9** **Year-on-year movement**

FY2025 against FY2024, per cent of FY2024




| LINE ITEM | FY2025 · HK$ MILLIONS | FY2024 · HK$ MILLIONS | MOVEMENT |
|---|---|---|---|
| Revenue/Sales | 1,955.8 | 1,702.3 | +14.9% |
| Gross Profit | 762.8 | 682.6 | +11.7% |
| Operating Cash Flow | 405.5 | 365.1 | +11.1% |
| Trade Receivables | 450.1 | 363.8 | +23.7% |
| Inventories | 281.1 | 223.5 | +25.8% |
| Intangible Assets | 349.5 | 280.4 | +24.7% |

### Income statement, FY2025

| LINE ITEM | FY2025 | FY2024 | CHANGE | ADJUSTMENTS |
|---|---|---|---|---|
| Revenue/Sales | 1,955,800.0 | 1,702,300.0 | 253,500.0 | Checked; re-read and agreed |
| Gross Profit | 762,762.0 | 682,622.0 | 80,140.0 | Checked; re-read and agreed |
| SG&A Expense | 260,875.0 | — | — | Checked; re-read and agreed |
| Operating Expenses | 389,958.0 | 354,361.0 | 35,597.0 | Checked; re-read and agreed |
| Operating Income | 380,104.0 | 335,461.0 | 44,643.0 | Checked |

| LINE ITEM | FY2025 | FY2024 | CHANGE | ADJUSTMENTS |
|---|---|---|---|---|
| Operating income, benchmark basis | 377,004.0 | 333,061.0 | 43,943.0 | Operating profit as printed, plus the exceptional charges and less the exceptional credits, disposal gains and share of associates booked within it, as the benchmark measures operating income |
| EBIT | 399,906.0 | 353,418.0 | 46,488.0 | Checked |
| Underlying EBIT | 396,806.0 | 351,018.0 | 45,788.0 | Calculated by Lynx as EBIT excluding fair-value gains and losses recognised in profit, gains and losses on disposal, and items the filing labels exceptional, extraordinary, significant or non-recurring, each cited; not used in any indicator or the rating |
| Gains and losses on disposals (realised) | 3,100.0 | 2,400.0 | 700.0 | — |
| Depreciation Expense | 117,179.0 | 103,946.0 | 13,233.0 | Checked |
| Interest Expense | 19,753.0 | 16,222.0 | 3,531.0 | Checked; re-read and agreed |
| Pre-Tax Income | 380,153.0 | 337,196.0 | 42,957.0 | Checked |
| Income Tax Expense | 61,026.0 | 54,037.0 | 6,989.0 | Checked |
| Net Income | 315,297.0 | 279,761.0 | 35,536.0 | Checked; re-read and agreed |

### Balance sheet, FY2025

| LINE ITEM | FY2025 | FY2024 | CHANGE | ADJUSTMENTS |
|---|---|---|---|---|
| Cash and Cash Equivalents | 605,006.0 | 527,890.0 | 77,116.0 | Checked; re-read and agreed |
| Trade Receivables | 450,102.0 | 363,779.0 | 86,323.0 | Checked; re-read and corrected |
| Inventories | 281,099.0 | 223,491.0 | 57,608.0 | Checked |
| Current Assets | 1,396,837.0 | 1,167,931.0 | 228,906.0 | Checked; re-read and agreed |
| Intangible Assets | 349,520.0 | 280,400.0 | 69,120.0 | Checked; re-read and agreed |
| Total Assets | 2,361,072.0 | 1,997,025.0 | 364,047.0 | Checked; re-read and agreed |
| Accounts Payable | 169,967.0 | 153,650.0 | 16,317.0 | Checked; re-read and agreed |
| Current Liabilities | 518,107.0 | 456,773.0 | 61,334.0 | Checked; re-read and agreed |
| Short-term Debt Detailed | 145,250.0 | — | — | Checked; re-read and agreed |
| Long-Term Debt | 269,750.0 | 217,750.0 | 52,000.0 | Checked; re-read and agreed |
| Total Liabilities | 882,271.0 | 756,371.0 | 125,900.0 | Checked; re-read and agreed |
| Total Equity | 1,478,801.0 | 1,240,654.0 | 238,147.0 | Checked; re-read and agreed |

### Cash flow, FY2025

| LINE ITEM | FY2025 | FY2024 | CHANGE | ADJUSTMENTS |
|---|---|---|---|---|
| Operating Cash Flow | 405,517.0 | 365,107.0 | 40,410.0 | Checked |
| Change in Working Capital | -126,123.0 | -91,385.0 | -34,738.0 | Checked |
| Total Other Cash Flow | -29,272.0 | -28,550.0 | -722.0 | Checked |
| Capital Expenditures | 167,900.0 | 141,200.0 | 26,700.0 | Checked; re-read and agreed |
| Net Cash from Investing | -296,000.0 | -235,500.0 | -60,500.0 | Checked |
| Dividends Paid | 110,000.0 | 104,000.0 | 6,000.0 | Checked |
| Net Cash from Financing | -34,101.0 | -57,613.0 | 23,512.0 | Checked |
| Taxes Paid | 42,372.0 | 38,350.0 | 4,022.0 | Checked; re-read and agreed |
| Interest Paid | 19,753.0 | 16,222.0 | 3,531.0 | Checked; re-read and agreed |

## COMMENTARY

**Growth runs through the year's statements, and cash follows it with a widening working-capital gap**. Revenue, operating income and net income rose on the year before, and the benchmark measure of operating income sits close to the reported line, so the items it strips out stay modest within operating profit. Operating cash flow rose too, but the working-capital outflow widened as trade receivables and inventories grew faster than payables, and receivables grew faster than revenue. Intangible assets and their amortisation both built over the year, and the company capitalised more of its own work than it had the year before, a judgement that holds development costs off the expense lines while the asset and its charge build. Capital expenditure rose with them, and the investing outflow widened accordingly. Borrowings rose on both sides of the maturity split, cash rose with them, and net debt stays negative.

10
THE FIGURES

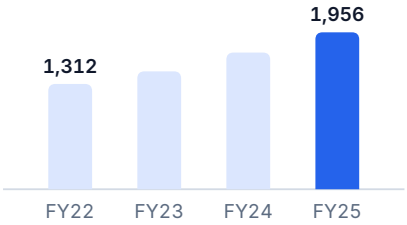
# Historical financials

The line items the readings rest on, year by year.

**FIGURE 10** **Selected figures**

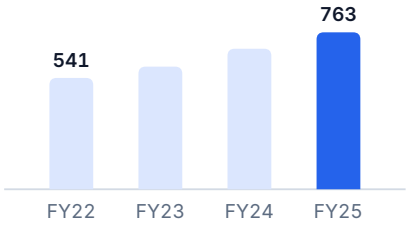
HK$ millions · first and last year labelled

**Revenue/Sales**



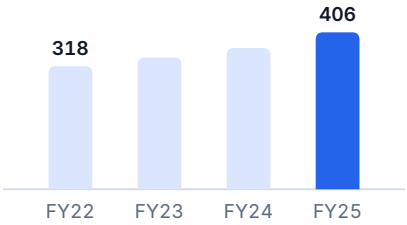

**+14.2%** a year

**Gross Profit**



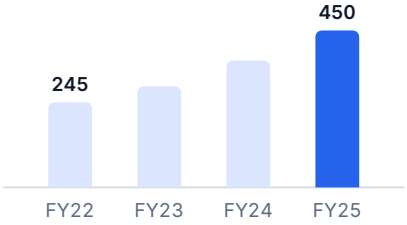

**+12.2%** a year

**Operating Cash Flow**



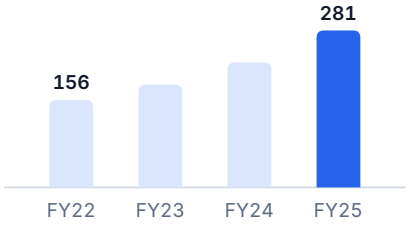

**+8.5%** a year

**Trade Receivables**



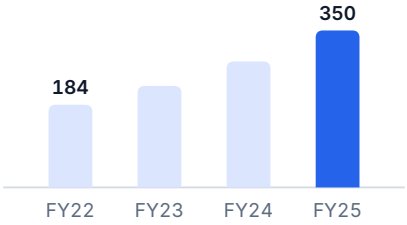

**+22.6%** a year

**Inventories**




**+21.6%** a year

**Intangible Assets**




**+23.8%** a year

## Income statement

| LINE ITEM | FY2022 | FY2023 | FY2024 | FY2025 | CAGR | RESTATED Δ |
|---|---|---|---|---|---|---|
| Revenue/Sales | 1,312,400.0 | 1,468,900.0 | 1,702,300.0 | 1,955,800.0 | 14.2% | — |
| Gross Profit | 540,709.0 | 596,373.0 | 682,622.0 | 762,762.0 | 12.2% | — |
| SG&A Expense | 184,349.0 | 203,626.0 | — | 260,875.0 | 12.3% | — |
| Operating Expenses | 290,653.0 | 316,731.0 | 354,361.0 | 389,958.0 | 10.3% | — |
| Operating Income | 257,056.0 | 286,342.0 | 335,461.0 | 380,104.0 | 13.9% | — |
| Operating income, benchmark basis | 256,156.0 | 285,042.0 | 333,061.0 | 377,004.0 | 13.7% | — |
| EBIT | 269,611.0 | 302,022.0 | 353,418.0 | 399,906.0 | 14.0% | — |
| Underlying EBIT | 268,711.0 | 300,722.0 | 351,018.0 | 396,806.0 | 13.9% | — |
| Gains and losses on disposals (realised) | 900.0 | 1,300.0 | 2,400.0 | 3,100.0 | — | — |
| Depreciation Expense | 97,204.0 | 108,056.0 | 103,946.0 | 117,179.0 | 6.4% | — |
| Interest Expense | 13,375.0 | 14,523.0 | 16,222.0 | 19,753.0 | 13.9% | — |
| Pre-Tax Income | 256,236.0 | 287,499.0 | 337,196.0 | 380,153.0 | 14.1% | — |

| LINE ITEM | FY2022 | FY2023 | FY2024 | FY2025 | CAGR | RESTATED Δ |
|---|---|---|---|---|---|---|
| Income Tax Expense | 41,058.0 | 45,969.0 | 54,037.0 | 61,026.0 | 14.1% | — |
| Net Income | 212,596.0 | 238,632.0 | 279,761.0 | 315,297.0 | 14.0% | — |

*Operating income, benchmark basis: operating profit as printed, plus the exceptional charges and less the exceptional credits, disposal gains and share of associates booked within it, as the benchmark measures operating income. Underlying EBIT: calculated by Lynx as EBIT excluding fair-value gains and losses recognised in profit, gains and losses on disposal, and items the filing labels exceptional, extraordinary, significant or non-recurring, each cited; not used in any indicator or the rating.*

### Balance sheet

| LINE ITEM | FY2022 | FY2023 | FY2024 | FY2025 | CAGR | RESTATED Δ |
|---|---|---|---|---|---|---|
| Cash and Cash Equivalents | 376,690.0 | 458,696.0 | 527,890.0 | 605,006.0 | 17.1% | — |
| Trade Receivables | 244,502.0 | 289,756.0 | 363,779.0 | 450,102.0 | 22.6% | — |
| Inventories | 156,452.0 | 184,067.0 | 223,491.0 | 281,099.0 | 21.6% | — |
| Current Assets | 818,328.0 | 978,055.0 | 1,167,931.0 | 1,396,837.0 | 19.5% | — |
| Intangible Assets | 184,000.0 | 225,900.0 | 280,400.0 | 349,520.0 | 23.8% | — |
| Total Assets | 1,465,424.0 | 1,690,695.0 | 1,997,025.0 | 2,361,072.0 | 17.2% | — |
| Accounts Payable | 122,625.0 | 136,258.0 | 153,650.0 | 169,967.0 | 11.5% | — |
| Current Liabilities | 366,234.0 | 401,141.0 | 456,773.0 | 518,107.0 | 12.3% | — |
| Short-term Debt Detailed | 89,250.0 | 99,750.0 | — | 145,250.0 | 17.6% | — |
| Long-Term Debt | 165,750.0 | 185,250.0 | 217,750.0 | 269,750.0 | 17.6% | — |
| Total Liabilities | 588,326.0 | 648,460.0 | 756,371.0 | 882,271.0 | 14.5% | — |
| Total Equity | 877,098.0 | 1,042,235.0 | 1,240,654.0 | 1,478,801.0 | 19.0% | — |

### Cash flow statement

| LINE ITEM | FY2022 | FY2023 | FY2024 | FY2025 | CAGR | RESTATED Δ |
|---|---|---|---|---|---|---|
| Operating Cash Flow | 317,710.0 | 340,317.0 | 365,107.0 | 405,517.0 | 8.5% | — |
| Change in Working Capital | -23,639.0 | -55,735.0 | -91,385.0 | -126,123.0 | — | — |
| Total Other Cash Flow | -31,291.0 | -29,103.0 | -28,550.0 | -29,272.0 | — | — |
| Capital Expenditures | 96,300.0 | 118,600.0 | 141,200.0 | 167,900.0 | 20.4% | — |
| Net Cash from Investing | -146,100.0 | -188,100.0 | -235,500.0 | -296,000.0 | — | — |
| Dividends Paid | 88,000.0 | 96,000.0 | 104,000.0 | 110,000.0 | 7.7% | — |

| LINE ITEM | FY2022 | FY2023 | FY2024 | FY2025 | CAGR | RESTATED Δ |
|---|---|---|---|---|---|---|
| Net Cash from Financing | -80,020.0 | -72,311.0 | -57,613.0 | -34,101.0 | — | — |
| Taxes Paid | 37,891.0 | 36,303.0 | 38,350.0 | 42,372.0 | 3.8% | — |
| Interest Paid | 13,375.0 | 14,523.0 | 16,222.0 | 19,753.0 | 13.9% | — |

## COMMENTARY

**The restatement record is empty, and the statements grow steadily across the period**. The restated-change column is empty on every line, and the record carries no restatement for the years it settles. Revenue, gross and operating profit, assets and equity rise in every year, as the table's CAGR column states. Trade receivables and inventories grow faster than revenue, and the working-capital outflow widens year by year. Operating cash flow grows more slowly than net income, a gap consistent with that faster working-capital growth. Underlying EBIT sits close to EBIT every year, so little profit rests on exceptional, disposal or fair-value items. The SG&A line is missing for a middle year, a gap in the record rather than a restatement. For the final year the record cannot say whether a later filing restated it. What that year adds belongs to the Current period analysis.

11
SCOPE

# About this study

What was read, for which company and years.

## Study

| ITEM | VALUE |
|---|---|
| Study | Atlantis Semiconductor Ltd |
| Company | Atlantis Semiconductor Ltd |
| Fiscal range | FY2022–FY2025 |
| Created | 2026-11-13 |
| Reporting unit | HK$ thousands |

## Documents read

| DOCUMENT | TYPE | FISCAL YEAR | PERIODS | STATEMENT PAGES |
|---|---|---|---|---|
| atlantis-annual-report-2023.pdf | Annual report | 2023 | 2023, 2022, As at 31 December 2023, As at 31 December 2022 | 10 |
| atlantis-annual-report-2024.pdf | Annual report | 2024 | 2024, 2023, 2024, 2023 | 10 |
| atlantis-annual-report-2025.pdf | Annual report | 2025 | 2025 HK$'000, 2024 HK$'000 | 10 |

12
REFERENCE

# Appendix: indicator reference

What each indicator in this report measures.

## What these indicators measure

| INDICATOR | CATEGORY | DEFINITION |
|---|---|---|
| Newly Acquired Intangible Assets | Investing Activity | Capital expenditure on property, plant and equipment divided by total assets at the prior year end. The comparison measures purchases of intangible assets, which run far below capital spending, so a high standing here is capital spending, not evidence of buying intangibles. |
| Affiliates | Income Quality | The size of income or loss from associates and joint ventures, ignoring sign, divided by the size of pre-tax income, ignoring sign. |
| Associates and Joint Ventures | Income Quality | The share of pre-tax income that comes from associates and joint ventures, so affiliate profits give a positive reading and affiliate losses a negative one. When pre-tax income is zero or negative, a year with affiliate profits is set by rule to 100% and scored. |
| Volatility of Net Income | Smoothing Activity | The standard deviation of annual income before extraordinary items, the year's after-tax profit, each scaled by total assets at the start of the year, over the last five years, skipping any year without a value. |
| Workforce Efficiency | Margin Signals | Sales divided by the number of employees. |
| Discontinued Operations | Asset Quality | The discontinued operations figure as a share of total assets. |
| Digit Distribution Deviation Score | Corporate Governance | How far the first digits of the year's reported figures depart from the pattern expected in natural financial data, where 1 leads about 30% of the time: the sum of squared differences between observed and expected shares, less what that many figures would show by chance, on a 66-figure scale. Needs 30 or more figures. |
| Intangible Assets | Asset Quality | Disclosed intangible assets, such as goodwill, patents and brands, as a share of total assets. |
| Combined Risk In Assets Valuation | Asset Quality | Disclosed intangible assets plus investments in associates and joint ventures, together as a share of total assets. The reading is left blank when either figure is missing. |
| Deferred Tax Liabilities | Asset Quality | Deferred tax liabilities at year end divided by total liabilities at the prior year end, showing how much of what the company owes is tax deferred to later years through timing differences between book and tax accounting. |
| Leases Level | Gearing | Capitalized lease liabilities, short-term plus long-term, divided by total shareholders' equity. The reading is left blank when either lease figure is missing. |
| Cash Flow From Investing Activities | Investing Activity | Net cash flow from investing activities for the year divided by total assets at the prior year end, with the sign turned: positive when the company spends more on investments than it receives, and negative when disposals and other inflows exceed spending. |
| Income with Respect to Smoothing | Smoothing Activity | Income before extraordinary items for the year, an after-tax profit, divided by total assets at the start of the year, a size-adjusted measure of reported profitability. |
| Interest Payments | Cash Quality | Cash paid for interest on debt divided by the interest expense in the income statement. A reading near 1 means the expense reported is the interest actually paid. |

| INDICATOR | CATEGORY | DEFINITION |
|---|---|---|
| Asset Growth | Growth Signals | The average of the last three year-on-year percentage changes in total assets, or of the last two, or the latest change alone where the earlier ones are not available. Two consecutive years of total assets give a reading. |
| Interest Receipts | Cash Quality | Interest income for the year divided by the average of the opening and closing cash balances, an approximate interest rate earned on the company's cash. |
| Options | Corporate Governance | The year-on-year change in share-based compensation expense, divided by the average number of shares used for basic earnings per share; for an unlisted company, or a year before its listing, by the shares in issue at the year end. |
| Accounts Receivable | Working Capital Signals | Trade receivables at year end divided by total shareholders' equity. |
| Cash Sales Margin | Income Quality | One minus the ratio of estimated cash cost of sales to estimated cash sales, held between 0% and 100%. Cash sales are revenue less the rise in receivables; cash cost of sales is cost of sales excluding depreciation and amortisation, less the rise in inventory plus the rise in payables. |
| Average Sales Growth | Growth Signals | The average of the last three year-on-year percentage changes in revenue, or of the last two, or the latest change alone where the earlier ones are not available. Two consecutive years of revenue give a reading. |
| Soft Assets Ratio | Asset Quality | The share of total assets that is neither cash nor receivables: total assets less cash and receivables, divided by total assets. What remains, such as inventory, fixed assets, goodwill and other intangibles, depends more on management's valuation judgment. No reading is given when cash and receivables exceed total assets. |
| Digit Distribution Percentage Deviation | Corporate Governance | How far the first digits of the year's reported figures depart from the expected pattern in relative terms: each digit's difference divided by its expected share, squared and summed, less what that many figures would show by chance, on a 66-figure scale. At least 30 figures are needed. |
| Investments In Associates | Asset Quality | Investments in associates and joint ventures as a share of total assets. |
| Adjusted Financial Strength Score | Credit | The share of the nine yes-or-no financial health tests that the company passes, counted only over the tests the filings allow to be scored. It needs at least five tests scored. |
| Long Term Borrowing | Gearing | Long-term borrowings, excluding amounts due within one year, divided by total shareholders' equity. |
| Change in Accounts Receivable Index | Working Capital Signals | Receivables as a share of sales this year, divided by the same share last year. |
| Accounts Payable | Working Capital Signals | Accounts payable at year end divided by total shareholders' equity. |
| Accrual Activities | Accruals Management | Total accruals: operating income less cash from operations, divided by total assets. It is the part of operating profit not matched by operating cash in the year. |
| Net Debt | Gearing | Net debt, short-term and long-term borrowings and lease liabilities less cash and cash equivalents, divided by earnings before interest and tax (pre-tax profit plus interest expense, net of capitalised interest). Short-term investments are not subtracted. Net debt is computed from those lines, never taken from a net debt figure the company prints. |

BACK MATTER

# About this report

How much of the filings could be read, where the arithmetic is recorded, and what this report is not.

## Uploaded data quality

This study grades Substantial for study quality and Strong for reporting quality, and together they describe a study you can rely on within clear limits. Study quality says how much of the planned analysis your filings allowed; reporting quality describes the condition of the filings themselves, not a judgement of how the business is run. The strongest reading behind the study grade is extraction coverage, which measures the share of the figures the analysis looks for that were actually found in the documents you uploaded. Here that reading is graded Complete, meaning nearly all the figures were found, and what was found was read with confidence: nearly all figures were read with better than low confidence, each matched its source in the documents exactly, and the figures were checked against the totals they belong to. The reporting grade rests on facts such as an unmodified audit opinion, accounting standards being stated, audit fees that moved modestly against the prior year, and figures that pass the arithmetic checks connecting them. The rating is for 2025, and every year in the study carries one, back to 2022; the earliest year's rating carries a caution that its reliability is reduced, because fewer figures could be read for that year. What holds the study grade down is not how the documents were read but how many analyses they could carry. The assessment lists no upload, so there is no single document to send that would lift the grade; the remaining gaps are ones a new upload would not close.

## Methodology note

The rating draws on more than this report shows: alongside the indicators set out here, Lynx's assessment uses other sources and indicators, not all of which appear in the report.

Where this study's arithmetic differs from the paper or the practice it cites, each difference the indicators computed here rest on is described below, beside the indicators it affects.

### Differences from the source

| ENTRY | INDICATORS | HOW LYNX DIFFERS FROM THE SOURCE |
|---|---|---|
| M1 | Accrual Activities | The manipulation index's accrual term is operating income, with the exceptional items, disposal gains and associates' share booked inside it taken out, less cash from operations over total assets, as the comparison population is built, not the paper's income before extraordinary items. |
| M3 | Depreciation Index | The depreciation index follows the comparison population: depreciation over gross fixed assets plus depreciation, last year's rate over this year's. |
| M5 | Composite Bankruptcy Score | The bankruptcy paper publishes versions for listed companies, unlisted ones, and industries where turnover says little about distress; this study scores a listed company with a market value on the listed version, reads the zone on its industry's version, and otherwise uses that version. |

| ENTRY | INDICATORS | HOW LYNX DIFFERS FROM THE SOURCE |
|---|---|---|
| M6 | Market Value to Total Liabilities | The equity-to-liabilities ratio uses market capitalisation and is left unassessed without one; the bankruptcy reading's equity term falls back to the book-value variant the paper defines for private companies. |
| M7 | Adjusted Financial Strength Score, Financial Strength Score | The financial strength score counts a positive net income and a positive return on assets as two of its nine signals, as the comparison population does, rather than replacing one with the change in return on assets. |
| M22 | Digit Distribution Deviation Score, Digit Distribution Percentage Deviation, Multi-Year Average Digit Distribution Deviation Score, Multi-Year Average Digit Distribution Percentage Deviation | The first-digit test is designed for large sets of transaction records; this study applies it to each year's reported statement lines on their own, judged against how many values there were, and scores each deviation less what that many values would show by chance. |
| M25 | Accruals Relative to Net Income, Accruals with Respect to Smoothing, Cash with Respect to Smoothing, Volatility of Accruals, Volatility of Cash, Volatility of Net Income | Accruals follow the published definition, including the change in current taxes payable, as the comparison population computes them; rolling windows cover five years where they exist, or four or three otherwise; and a year missing one of their lines leaves them unassessed. |
| M34 | Adjusted Financial Strength Score, Financial Strength Score | The financial strength score and its average are computed only when at least five of the nine signals can be read, the score counted out of nine in proportion, so a signal that cannot be read is not counted as failed. |
| M37 | Accruals Relative to Net Income, Cash with Respect to Smoothing, Income with Respect to Smoothing, Volatility of Cash, Volatility of Net Income | The smoothing measures read earnings before extraordinary items, an after-tax profit, as the comparison population does, and a year without that line leaves them unassessed. |
| R1 | Price to Earnings Yield | The earnings yield is net income over the company's market value at the year end, so no share count or share price is read for it. |
| R3 | Not Prepared Under IFRS or US GAAP | The accounting-standard signal is read as a plain yes or no — a recognised standard or not — rather than as a source code whose own numbering could multiply its effect on the score many times over. |
| R4 | EBIT Margin, Operating Margin | Operating margin is operating income over sales, with the exceptional items, disposal gains and associates' share booked inside operating income taken out as the comparison population measures it; it no longer duplicates the margin on earnings before interest and tax. |
| R5 | Above-Sector Profitability Flag, Return on Productive Assets | Return on production assets, published under the return-on-assets name, is operating income, with the exceptional items, disposal gains and associates' share booked inside it taken out, over gross fixed assets plus inventories; its sector median is published beside the operating margin's. |
| R6 | Dividends | The payout ratio divides dividends by income before extraordinary items rather than pre-tax income, and reads negative for a company paying out of a profit, the sign the comparison population uses, while the low-payout flag reads the ratio itself. |
| R7 | Cash Conversion, Days Inventory Outstanding, Days Payable Outstanding, Days Sales Outstanding, Inventory Realization | Days sales outstanding, days inventory and days payable are computed directly as the days in a year times the average balance over the flow, with all of them reported and a pruned set carried into the score. |
| R8 | Extraordinary Charges | An abnormal item and an extraordinary charge are distinct inputs, so each reading takes the line it is defined on instead of both sharing one line. |

| ENTRY | INDICATORS | HOW LYNX DIFFERS FROM THE SOURCE |
|---|---|---|
| R9 | Non-Operating Income | Non-operating income is operating income, with the exceptional items, disposal gains and associates' share booked inside it taken out, less pre-tax income, over pre-tax income, as the comparison population is built, reading one where pre-tax income is not positive and operating income exceeds it. |
| R10 | Above-Sector Profitability Flag, Cash Sales Margin, Days Inventory Outstanding, Days Payable Outstanding, Days Sales Outstanding, Price to Cash Flow yield | A division by a zero denominator yields no reading rather than an unbounded one, with one stated exception: a zero average balance gives a day count of zero, which is what it means. |
| R11 | Asset Growth, Average Sales Growth, Capex Growth, Employee Growth | A growth average takes the last three yearly changes, else the last two, else the latest alone, as the comparison population was built; a five-year volatility uses exactly five years; growth keeps its sign rather than being reported as a size alone. |
| R12 | Combined Risk In Assets Valuation, Discontinued Operations, Leases Level | Every component of a summed numerator must be reported: a line that was not reported is not a zero, so a year missing one of them yields no reading. |
| R13 | Price to Book Yield, Price to Cash Flow yield, Price to Earnings Yield, Sales Yield (Inverse of Price-to-Sales) | No yield divides by a share price or a share count; a market value that is not above zero gives no reading, and the equity and revenue conditions are those of the comparison population. |
| R14 | Associates and Joint Ventures | The share of pre-tax income from associates and joint ventures reads a share of their profit as positive, the sign the comparison population uses, so the two readings built on that line agree rather than add. |
| R16 | Discontinued Operations | Discontinued operations are read with a profit as positive and a loss as negative, the sign the comparison population uses, both as a share of total assets and among the gains on asset sales. |
| R17 | EBITDA Margin, Interest Coverage Ratio with EBIT, Price to Book Yield, Sales Yield (Inverse of Price-to-Sales), Total Borrowings, Total Debt to Earnings | Six ratios on operating profit, earnings before interest, tax, depreciation and amortisation, interest expense, equity or sales go unassessed when that figure is zero or negative, as the comparison population holds no such year; a loss still counts through the other readings. |
| R18 | Cash Flow From Investing Activities | Net cash flow from investing is read positive for an outflow and negative for an inflow, the sign the comparison population uses, so a company investing heavily reads high. |
| R19 | Change in Goodwill | The change in goodwill reads goodwill alone, as the comparison population does, rather than goodwill together with the other intangible assets; goodwill is zero in a year whose printed balance sheet and notes name none, and goodwill otherwise unread leaves the change unassessed. |
| R20 | Cash Sales Margin | The cash-margin indicator takes the cost of goods sold without depreciation and amortisation, as the comparison population does: the income statement's total, else the cash flow's, comes off the cost of revenue, and a year with neither total is not assessed. |
| R21 | Price to Book Yield, Price to Cash Flow yield, Price to Earnings Yield, Sales Yield (Inverse of Price-to-Sales) | The free cash flow, book equity, net income and sales yields divide each figure by the company's market value at the year end, or an unlisted company's estimate of it; free cash flow is operating cash flow before working-capital changes, less capital expenditure. |

| ENTRY | INDICATORS | HOW LYNX DIFFERS FROM THE SOURCE |
|---|---|---|
| R22 | Options | For an unlisted company, or a year before its listing, the change in share-based pay is divided by the shares in issue at the year end, since an unlisted company need not report the share count used for earnings per share. |
| R23 | Newly Acquired Intangible Assets | Spending on newly acquired intangible assets is measured by capital expenditure on property, plant and equipment, because purchases of intangible assets are not among the figures read here, so a high reading is capital spending and no evidence of buying intangibles. |
| R26 | Net Cash flow From Investing Activities Related to Financial Instruments | Net purchases of investments are read as purchases less sales, the sign the comparison population uses, so a net buyer of investments reads high and a net seller low. |
| R27 | Deferred Tax Assets, Newly Acquired Intangible Assets | Deferred tax assets and newly acquired intangible assets are not assessed in a year that shows none, because the comparison population holds only years where the figure is above zero. |

### How the score and its comparisons are built

- Where an industry or a year has too few companies to compare reliably, the comparison uses other years or all listed companies.
- A comparison must reach a minimum number of companies, and the sample actually used is recorded with every reading.
- A company is placed in its industry through a sector mapping validated against the source data, and a sector the mapping does not cover stops the study rather than passing quietly into the benchmarks.
- Standardisation centres each reading on the average of the comparison sample, counting a company without it at the middle among all listed companies, not within industry groups, divides by the spread about that average, as the weights were built, and caps it at three spreads.
- Two comparison samples are published and kept apart by name: one keeping zero values, for the standardised readings, and one dropping them, for the rankings, where a reading of exactly zero ranks among the companies that report zero.
- The medians are the exact middle of the comparison sample rather than an approximation, because the comparison data is prepared once, offline, and can afford it.
- A ranking is interpolated in a straight line between the recorded points, and a value past the smallest or largest figure in the sample is reported at the bottom or top of the range, except an exact zero, ranked among the companies that report zero.
- The sales growth index is one quantity per company-year, published once by a single analysis, and a start-up check makes a second source of the same quantity impossible.
- The count recorded beside a benchmark statistic is the sample that statistic was computed on, and the wider count that decides whether an industry's comparison may be used at all is published separately.

- A reading whose published value is signed and unbounded is scored on the bounded scale its weight was fitted on, so that the published value and the scored quantity are each what they claim to be.
- Context supplied for a study can only soften a reading that adds risk, never turn a weakness into a strength, while a suppression removes the reading in both directions.
- A context entry that changes nothing is dropped, a declared event never softens an accrual reading but raises a verification question instead, and the stated primary concern adds emphasis and questions rather than any multiplier.
- A reading with no usable value is counted among those absent; the score reads it at its population's median for that year, or a yes-or-no or capped reading as zero, as the model was fitted, and below the coverage floor the rating is withheld.
- A year of comparison data is used only once it has filled to a stated share of the year before it.
- The reading that flags a company more profitable than its sector compares both its operating margin and its return on production assets with their sector medians, either one deciding where the other cannot be read.
- The letter places the year among listed companies worldwide over 2019 to 2023, A+ the lowest-risk twentieth and F the highest, beside the share of listed companies it and each reading are riskier or less risky than; an F is not a finding of misstatement.
- The rating and its rank are measured on all listed companies, whatever the industry; where the industry has enough companies, a second line gives the year's position among them; the rank and letter use the calibrated index, which moves a rank at most four places.

Confidence combines three readings: extraction coverage, how much of the analysis could be computed, and the share of figures read with better than low confidence.

**Extraction coverage** is the share of the figures the analysis looks for that were found in your documents. **Analysis computed** is the share of the indicators computed from your data.

## AI disclosure

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