

Textual Analysis and Financial Statements

Isaac Liu

April 1, 2024

Introduction

Corporate credit ratings represent professional estimations of the default risk carried by company debt. These ratings represent critical information for investors - not just institutional investors and financially sophisticated bondholders, but also stockholders, who may be wiped out completely in the event of bankruptcy. Analyzing ways to predict ratings can offer substantial value to a variety of stakeholders. Predictive models may be useful for investors without access to data, companies or potential lenders that seek information about influential factors (there is evidence suggesting financial factors and projections have a causal impact on ratings and are not manipulated by companies in response to forecasted rating changes (He, 2018)), and by any parties seeking interpolated ratings for companies that do not have them.

In this project, we seek to fully leverage the text of earnings calls, along with traditional financial measures and variables, to improve predictions of corporate credit ratings for any given company and quarter and better understand the importance of various influences.¹ Textual features such as pre-trained language model vector embeddings (Araci, 2019) and analyses of sentiment accompany tabular variables as inputs to a variety of supervised machine learning techniques for classification from logistic regression to tree-based methods. If time allows, we will also incorporate advances in the study of graph neural networks to create additional embeddings modelling linkages between firms (Das et al., 2023) implied by calls.

To the best of our knowledge, the closest prior work to ours is Donovan et al. (2021), which leverages the textual content of earnings calls and financial statements to predict credit events such as bankruptcies, interest spread changes, and rating downgrades using unigram and bigram frequencies and the supervised machine learning techniques of Support Vector Regression, Latent Dirichlet Allocation, and Random Forests. The coefficient on a constructed textual measure of credit risk was found to be significant up the 1% level. In contrast to this approach, we focus on predicting the credit ratings themselves, and integrate more techniques from machine learning such as the power of pre-trained language models and a wider variety of algorithms for classification.

Data and Exploratory Data Analysis

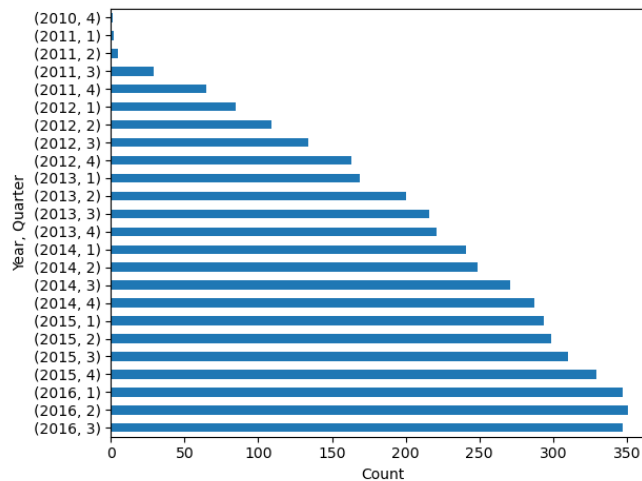
We combine a wide variety of data sources to support our predictions of credit ratings - merging rating data with company earnings calls, financial statement variables, and industry sector. In our final dataset, each observation

¹Though much literature has focused on financial statements and reports and credit ratings (as just one example, see Makwana et al. (2022)), our paper takes a relatively underexplored approach, instead incorporating earnings call transcripts. We believe calls offer a richer picture of a firm's financial prospects because they include two-way conversation between company management and financial analysts in form of a Q and A section. This section incorporates the broader beliefs and concerns of the financial community into our predictions. Additionally, in contrast to financial statements, which must be (noisily) parsed to identify sections relevant to management analysis, earnings calls provide more directly valuable and readily available information.

represents a fixed quarter date (1/1, 4/1, 7/1, 10/1) for a company, with the company's most recent credit rating, earnings call and associated financial statement variables, and sector attached.

Our scope of interest is publicly traded companies from 2010-2016 (a limitation due to the availability of credit rating data). The data is temporally unbalanced, with many companies entering the dataset in later years, after they first receive an observable credit rating (Figure 1).

Figure 1: Observations by Quarter and Year



To ensure comparability, we drop items missing any predictor variable. In all, we have 4,724 quarters for 387 unique companies.

Credit Ratings

We make use of long-term credit rating issuances from S and P Rating Services, provided from a combination of two credit rating datasets downloaded in CSV and Excel format from Kaggle (Gewerc, 2020; Makwana, Bhatt and Delwadia, 2022). Each issuance be a change in rating (upgrade, downgrade) or reaffirmation - they occur at ad-hoc intervals. We reshape these rating issuances to a dataset of ratings for each company on each fixed quarter date by creating a rating end date variable that is the date of the next issuance, and joining a list of the fixed quarter dates on the condition that the fixed quarter date is between the issuance date and the end date.

Figure 2 shows the distribution of rating grades used in our final dataset. Finer grades (+, -) are sometimes assigned by agencies, but these grades were removed for this project. Ratings of BBB and above are considered investment grade - these bonds carry empirical one-year default rates of 0 to 1%. Ratings below that are classified as junk, with default rates from 1 to 30, 40, or even 50% for some years (S and P Global Ratings, 2024). Most company-quarters have ratings around the BBB threshold, with very few cases on the extreme ends of the spectrum.

Earnings Calls

Our earnings call data comes from the Financial Modelling Prep API (Financial Modeling Prep, 2024), a trusted source widely used in industry. We remove all calls that happened more than 250 days prior and after the year and quarter they are supposed to discuss the results from. Including both prepared remarks and analyst Q and A sessions, the overall average call length in our final data stands at 8,776.18 words.

Figure 2: Credit Ratings

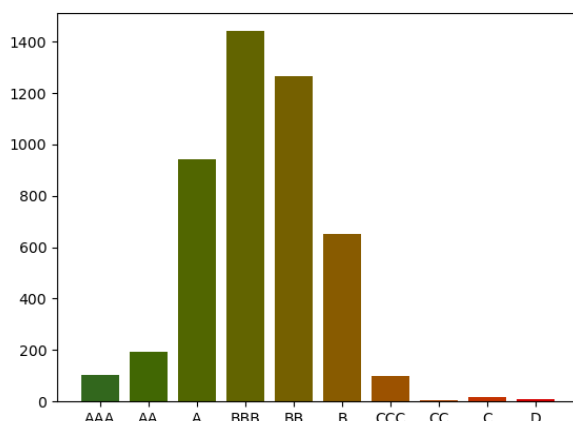
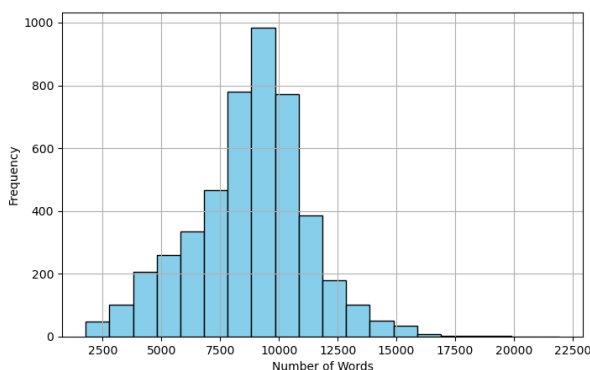


Figure 3: Number of Words in Earnings Calls



Financial Statements

Our financial statement variables are also retrieved using the Financial Modelling Prep API. We make use of items from company balance sheets, cash flow statements, and income statements, as well as company market capitalization. We include 124 variables in total, such as revenue, total liabilities, net income, EBITDA.

To prepare the data, we limit our observations to items reported in USD, check for and correct items off by a factor of 1,000 as a result of parsing (if last few digits are 000.00 and the item is above or below 2.5% and 97.5% quantile, divide by 1,000), and check some accounting identities in Das et al. (2023), setting failing variables to missing. We also discard observations where statement filing dates do not agree between the three types of statements, where the filing date falls outside of the fixed quarter matched on via earnings call date, and where the filing date is more than 45 days after the earnings call date.

In some of our models, we make use of Altman's Z-score, a traditional measure of bankruptcy risk that accounts for company earnings, equity, and assets and liabilities (Altman, 1968) (for details on the construction of the score, see Appendix section A.2). Figure 4 shows the distribution of adjusted Z-scores in our dataset. Though interpretations of the score vary, traditionally, values above 3.0 have been considered safe, while those below 1.8 are considered to have a high chance of bankruptcy. Though such an interpretation is potentially overly pessimistic for our data, we do have some companies on both ends of the spectrum.

Figure 4: Altman Z-Score

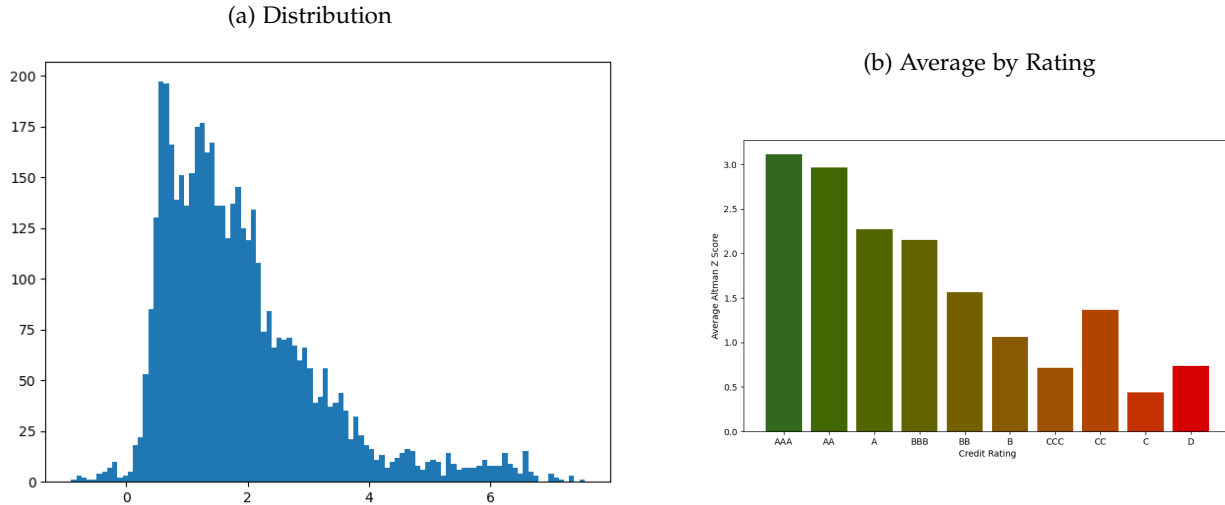
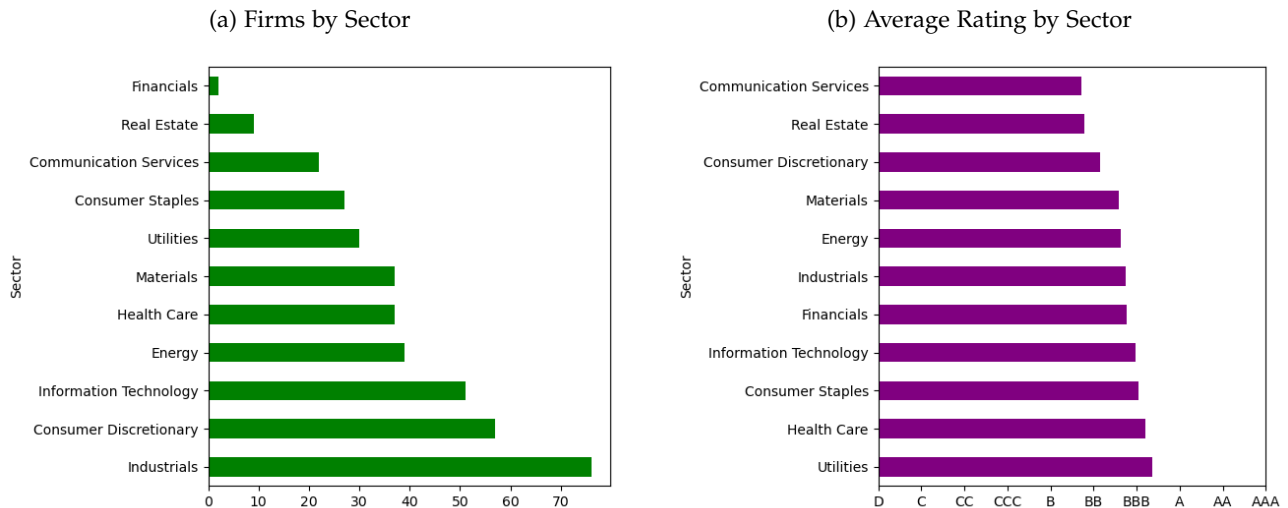


Figure 5: Sector



Sector

The GCIS industry classification standard divides companies into 11 major industry sectors (there are finer groupings as well, but this data was not easily obtainable for our project) (S and P and MSCI, 2024). It is widely used in the financial community, and was developed in part by S and P, the same company responsible for our credit ratings. We obtained classifications from Kaggle in CSV format and supplemented them with manual lookup (Kozlov, 2022). Figure 5 shows the unfortunate sectoral imbalance present in our data, with a large share of firms in consumer, industrial, and technology sectors, relative to very few in the distinctly different financials and real estate sectors.

Quality Control

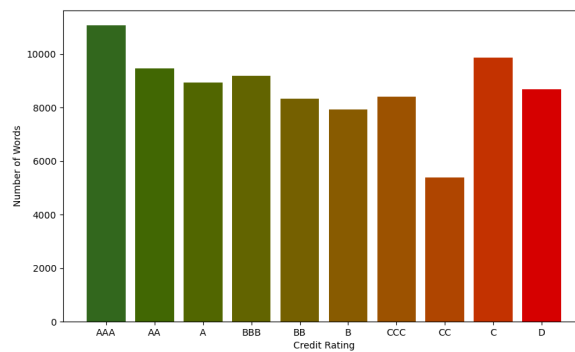
Our data preparation was subject to rigorous quality control standards. We extensively code reviewed all data cleaning code. Our exploratory analyses identified data quality issues such as extreme values in financial statement variables, which we handled by winsorizing, and date gaps between quarters, earnings calls, and financial

statements, which we dropped in the case of aggressively mismatched observations. We carefully removed companies that only provided annual reporting. We also removed all observations for Peabody Energy (ticker BTU), the only company in our dataset to declare bankruptcy (April 13, 2016) due to substantial concern about missing data leading up to the event.

NLP Features

In general, average call length in words appears to be positively correlated with credit rating, with the companies with the highest ratings having the longest calls, as shown in Figure 6.

Figure 6: Average Call Length by Credit Rating



We have prepared both FinBERT² (Araci, 2019) and Doc2Vec³ (Le and Mikolov, 2014) embeddings to represent each call, and are considering using these as inputs to our classifier.

Modelling

Our overall model architecture is of the form

$$\text{Predicted Credit Rating} = f(\text{Financial Statement Variables}, \text{Sector}, \text{NLP Features})$$

Our first model is a simple logistic regression

XXX logistic regression predictors

multinomial, balanced class weights, l1 penalty

variable importance

table of predictions

fitting and output

assumptions

interpretation

²BERT is a pretrained transformer-based language model that encodes text into embedding vectors using surrounding context. FinBERT is a version of BERT finetuned for tasks in the financial domain (language model embedding performance can vary greatly by domain).

³This method involves constructing representations of each call based on the bag-of-words and skipgram tasks - a neural network is trained to either a word or a word's context while accounting for a vector identifying the document.

Table 1: Autogluon Leaderboard

Model	Test Accuracy
ExtraTreesGini	0.929844
XGBoost	0.928731
CatBoost	0.928731
LightGBM	0.927617
LightGBMXT	0.927617
WeightedEnsembleL2	0.927617
LightGBMLarge	0.927617
RandomForestEntr	0.926503
ExtraTreesEntr	0.925390
RandomForestGini	0.925390
NeuralNetTorch	0.920935
NeuralNetFastAI	0.920935
KNeighborsUnif	0.250557
KNeighborsDist	0.247216

Conclusion and Next Steps

We have seen above that textual and NLP features are contributing to our predictions...

One major next step is continuing to improve the construction of our NLP features and methods. Much more work could be done to improve the construction of our sentiment scores and analysis - seeking out better pretrained models for earnings call sentiment, or improving the methods through which embedding representations are converted to sentiment. Some members of the group have also been working on a separate class project involving annotating earnings calls with topics discussed. This work could be integrated into our project to provide additional features for our models - we could identify topics and then connect them to credit ratings. Finally, we could try building an end-to-end transformer classifier that takes in earnings calls and outputs credit ratings (perhaps finetuning and adding a classifier on top of the longformer (Beltagy, Peters and Cohan, 2020) transformer encoder model (suitable for document, rather than word or sentence embedding creation)).

We’ve also begun using the AutoML library Autogluon to explore a wider variety of classifiers. Autogluon runs a wide variety of state-of-the-art prediction algorithms and performs hyperparameter tuning. The results, shown in Table 1 for all allowed predictors in our dataset (metadata about call and statement dates, the rating on the previous fixed quarter date, all the financial statement variables, all the constructed NLP features, and sector) can provide a good starting point for our further modelling choices.

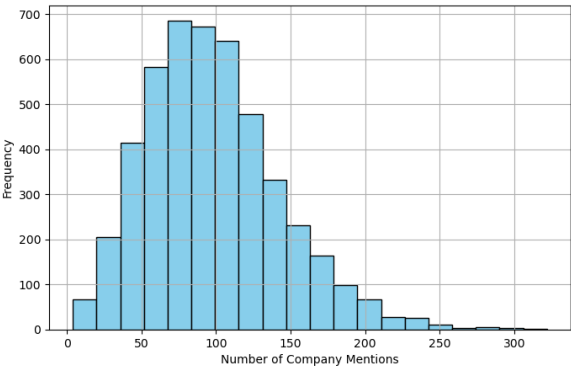
Tree-based bagging and boosting methods (boosting in particular) seem to perform extraordinarily well on our modelling task (ExtraTrees is a somewhat simplified variant of random forest; GBM stands for Gradient Boosting Machine). Each of the trained models also comes with a set of optimized hyperparameters - after selecting a model, we will further tune these hyperparameters to improve performance. The library also provides feature importance measures, computed by permuting each feature and measuring the drop in accuracy. Though these tests are not of high quality (and many results are not reported or are not significant), they confirm that previous ratings, earnings call word counts and tone variables, a few financial variables, and several date metadata variables are all very important.

Another area of interest for us is continuing to pursue the approach in Das et al. (2023), which uses graph neural networks to model the relationships between companies in combination with tabular financial data and NLP features. Prerequisite to this approach is the construction of an undirected graph showing linkages between companies based on the earnings call data.

We’ve pursued begun work on this step from two angles. First, following the original paper, Doc2Vec embeddings representing calls can be averaged for each company. A graph can then be constructed with connecting edges added for cases when the vectors for each company have cosine similarity above a certain threshold.

As a second approach, which also opens more opportunities for exploration even without a neural network, we have used transformer-based Named Entity Recognition to identify mentions of any company in each earnings call. On average, each earnings call has 97.78 company mentions - Figure 7 shows the distribution. Our next step involves the use of entity resolution algorithms (trigram matching, supervised learning) to link these mentions to firm tickers in order to construct a graph of relationships.

Figure 7: Company Mentions



References

- Altman, Edward I.** 1968. "Financial Ratios, Discriminant Analysis and the Prediction of Corporate Bankruptcy." *The Journal of Finance*, 23(4): 589–609. _eprint: <https://onlinelibrary.wiley.com/doi/pdf/10.1111/j.1540-6261.1968.tb00843.x>.
- Araci, Dogu.** 2019. "FinBERT: Financial Sentiment Analysis with Pre-trained Language Models." arXiv:1908.10063 [cs].
- Beltagy, Iz, Matthew E. Peters, and Arman Cohan.** 2020. "Longformer: The Long-Document Transformer." arXiv:2004.05150 [cs].
- Das, Sanjiv, Xin Huang, Soji Adeshina, Patrick Yang, and Leonardo Bachega.** 2023. "Credit Risk Modeling with Graph Machine Learning." *INFORMS Journal on Data Science*, 2(2): 197–217. Publisher: INFORMS.
- Donovan, John, Jared Jennings, Kevin Koharki, and Joshua Lee.** 2021. "Measuring credit risk using qualitative disclosure." *Review of Accounting Studies*, 26(2): 815–863.
- Financial Modeling Prep.** 2024. "Financial Modeling Prep - FinancialModelingPrep."
- Gewerc, Alan.** 2020. "Corporate Credit Rating with Financial Ratios."
- He, Guanming.** 2018. "The Impact of Impending Credit Rating Changes on Management Earnings Forecasts." *Global Journal of Management and Business Research*, 18: 1–18.
- Kozlov, Alex.** 2022. "US public companies classification."
- Le, Quoc V., and Tomas Mikolov.** 2014. "Distributed Representations of Sentences and Documents." arXiv:1405.4053 [cs].
- Makwana, Ravi, Dhruvil Bhatt, and Kirtan Delwadia.** 2022. "Corporate Credit Rating."
- Makwana, Ravi, Dhruvil Bhatt, Kirtan Delwadia, Agam Shah, and Bhaskar Chaudhury.** 2022. "Understanding and Attaining an Investment Grade Rating in the Age of Explainable AI."
- S and P, and MSCI.** 2024. "GICS® - Global Industry Classification Standard."
- S and P Global Ratings.** 2024. "S and P Global Ratings."

A Appendix

A.1 Summary Statistics for Numeric Variables

Table ?? shows summary statistics for all numeric variables in our dataset. Important numeric and categorical variables are explained in the main text. We also have numerous date variables, which we may use in future predictions.

Variable Name	Mean	Minimum	Median	Maximum	Standard Deviation	Variable Type
Altman's Z Score	1.88	-0.91	1.58	7.56	1.30	Altman's Z Score
Accounts Payable (Balance Sheet)	928,879,944.12	-237,651,171.00	338,150,000.00	11,433,000,000.00	1,529,128,185.80	Financial Statements
Accounts Payable (Cash Flow Statement)	4,706,860.62	-321,769,000.00	0.00	1,789,652,000.00	80,197,009.20	Financial Statements
Accounts Receivables	-10,753,743.96	-542,000,000.00	0.00	321,200,000.00	90,085,627.31	Financial Statements
Accumulated Other Comprehensive Income (Loss)	-381,975,004.44	-5,242,000,000.00	-74,116,000.00	431,595,000.00	840,987,604.56	Financial Statements
Capital Expenditure	-193,647,213.17	-1,867,000,000.00	-59,608,703.91	412,700.00	314,135,930.83	Financial Statements
Capital Lease Obligations	28,065,070.59	0.00	0.00	9,056,234,000.00	244,927,479.06	Financial Statements
Cash and Cash Equivalents	852,349,405.25	0.00	303,118,000.00	9,204,000,000.00	1,382,415,295.39	Financial Statements
Cash and Short Term Investments	1,029,007,733.36	0.00	328,148,000.00	15,601,000,000.00	1,875,370,693.02	Financial Statements
Cash at Beginning of Period	857,491,604.07	-2,556,000.00	306,627,000.00	9,610,000,000.00	1,410,191,719.21	Financial Statements
Cash at End of Period	866,528,388.67	-154,400.00	307,677,500.00	9,743,000,000.00	1,425,442,968.51	Financial Statements
Change in Working Capital	-16,292,925.52	-870,000,000.00	-1,898,000.00	756,000,000.00	180,310,959.28	Financial Statements
Common Stock	332,954,612.87	-539,800.00	3,900,000.00	9,817,134,000.00	917,174,360.11	Financial Statements
Common Stock Issued	45,711,557.87	-3,572,000.00	26,500.00	906,500,000.00	125,660,488.08	Financial Statements
Common Stock Repurchased	-74,290,519.19	-1,135,000,000.00	-400,000.00	545,656,614.52	181,665,328.82	Financial Statements
Cost and Expenses	2,329,299,450.91	-2,495,000.00	1,109,876,000.00	22,496,000,000.00	3,409,414,855.37	Financial Statements
Cost of Revenue	1,630,285,860.24	-3,094,000.00	773,300,000.00	16,948,000,000.00	2,425,958,117.19	Financial Statements
Debt Repayment	-260,678,959.19	-3,001,000,000.00	-35,000,000.00	200.00	490,067,002.19	Financial Statements
Deferred Income Tax	5,769,703.18	-253,000,000.00	50,500.00	1,850,454,000.00	60,203,360.61	Financial Statements
Deferred Revenue	301,721,276.89	-116,912,000.00	47,100,000.00	4,918,100,000.00	643,876,051.90	Financial Statements
Depreciation and Amortization (Cash Flow Statement)	145,689,205.06	-304,000.00	53,427,500.00	1,529,000,000.00	218,965,861.00	Financial Statements
Depreciation and Amortization (Income Statement)	142,779,168.92	-1,550,000.00	53,593,000.00	1,371,000,000.00	210,651,321.79	Financial Statements
Diluted EPS	0.49	-156.36	0.51	49.73	3.53	Financial Statements
Dividends Paid	-93,842,514.12	-1,233,000,000.00	-21,783,000.00	0.00	186,830,876.64	Financial Statements
EBITDA	447,620,359.75	-66,200,000.00	191,346,000.00	4,410,000,000.00	657,882,497.84	Financial Statements
EBITDA Ratio	0.20	-5.77	0.18	2.16	0.23	Financial Statements
EPS	0.50	-156.36	0.52	53.75	3.56	Financial Statements
Effect of Foreign Exchange Changes on Cash	-1,647,078.82	-65,000,000.00	0.00	52,000,000.00	10,955,813.05	Financial Statements
Free Cash Flow	152,488,089.91	-541,000,000.00	50,350,500.00	2,683,000,000.00	386,075,408.86	Financial Statements
General and Administrative Expenses	142,016,375.14	-2,117,000.00	30,257,000.00	2,007,000,000.00	288,668,731.35	Financial Statements
Goodwill	1,971,783,101.42	-202,702,100.00	626,536,500.00	23,389,000,000.00	3,541,028,978.34	Financial Statements
Goodwill and Intangible Assets	3,143,944,231.55	-1,618,944,000.00	962,312,000.00	37,123,000,000.00	5,784,596,899.63	Financial Statements
Gross Profit	872,368,464.63	-7,195,000.00	373,018,500.00	9,223,000,000.00	1,421,025,818.62	Financial Statements
Gross Profit Ratio	0.37	-5.65	0.34	2.19	0.27	Financial Statements
Income Before Tax	249,496,947.58	-353,153,000.00	89,895,500.00	2,951,000,000.00	434,495,406.26	Financial Statements
Income Before Tax Ratio	0.07	-9.38	0.09	1.27	0.37	Financial Statements
Income Tax Expense	68,390,107.98	-119,131,000.00	21,775,500.00	736,000,000.00	121,599,241.07	Financial Statements
Intangible Assets	869,968,811.22	-421,000.00	173,358,000.00	14,110,100,000.00	1,855,409,062.61	Financial Statements
Interest Expense	49,203,706.71	-16,400,000.00	23,385,000.00	386,000,000.00	65,029,625.22	Financial Statements
Interest Income	2,335,687.82	-32,293.00	0.00	69,000,000.00	6,967,205.85	Financial Statements
Inventory (Balance Sheet)	958,995,636.94	-19,626,000.00	414,950,000.00	8,328,000,000.00	1,433,396,913.56	Financial Statements
Inventory (Cash Flow Statement)	-10,636,842.51	-420,000,000.00	0.00	289,000,000.00	70,202,756.90	Financial Statements
Investments in Property, Plants, and Equipment	-194,860,014.81	-1,921,864,000.00	-59,719,000.00	412,700.00	317,067,486.90	Financial Statements
Long-Term Debt	4,342,642,310.38	0.00	1,843,812,000.00	31,228,000,000.00	5,794,340,264.76	Financial Statements
Long-Term Investments	521,054,256.46	-490,677,000.00	11,203,500.00	10,981,000,000.00	1,427,052,488.42	Financial Statements
Minority Interest	96,515,825.94	-286,000.00	1,784,000.00	2,316,406,000.00	283,036,455.78	Financial Statements
Net Acquisitions	-31,252,849.61	-805,960,000.00	0.00	249,000,000.00	113,700,319.45	Financial Statements
Net Cash Provided by Operating Activities	353,695,946.55	-175,500,000.00	142,068,000.00	3,870,000,000.00	559,577,854.70	Financial Statements
Net Cash Used for Investing Activities	-252,301,738.93	-2,840,033,000.00	-69,018,000.00	325,900,000.00	447,680,994.35	Financial Statements
Net Cash Used or Provided by Financing Activities	-113,094,742.90	-2,444,000,000.00	-28,913,000.00	1,094,000,000.00	398,976,123.98	Financial Statements
Net Change in Cash	6,986,471.31	-1,161,000,000.00	326,500.00	1,401,000,000.00	262,805,651.94	Financial Statements
Net Debt	3,807,913,408.87	-1,044,500,000.00	1,567,100,000.00	30,761,000,000.00	5,555,751,832.58	Financial Statements
Net Income (Cash Flow Statement)	186,107,161.79	-327,000,000.00	64,393,500.00	2,402,000,000.00	338,084,813.74	Financial Statements
Net Income (Income Statement)	183,234,857.90	-329,864,000.00	64,300,000.00	2,340,000,000.00	335,149,633.65	Financial Statements
Net Income Ratio	0.05	-8.88	0.07	2.72	0.31	Financial Statements
Net Property Plant Equipment	5,007,874,719.10	0.00	1,389,082,500.00	44,441,000,000.00	8,045,435,934.42	Financial Statements
Net Receivables	1,259,577,298.60	-4,199,600.00	539,100,000.00	12,146,000,000.00	1,814,088,013.82	Financial Statements
Non-Current Deferred Revenue	250,512,754.02	-500,933,000.00	0.00	5,778,000,000.00	727,888,527.14	Financial Statements
Non-Current Deferred Tax Liabilities	698,746,738.38	-3,818,507.00	133,077,500.00	8,306,000,000.00	1,425,671,155.54	Financial Statements
Operating Cash Flow	353,695,946.55	-175,500,000.00	142,068,000.00	3,870,000,000.00	559,577,854.70	Financial Statements
Operating Expenses	547,725,941.27	-13,530,000.00	211,937,500.00	6,252,000,000.00	959,936,714.19	Financial Statements
Operating Income	298,743,632.43	-208,377,000.00	119,850,000.00	3,294,000,000.00	476,982,715.49	Financial Statements
Operating Income Ratio	0.10	-9.71	0.12	1.14	0.33	Financial Statements
Other Assets	8,191.33	-19,834,700.00	0.00	8,948,000.00	468,348.06	Financial Statements
Other Current Assets	380,708,173.61	-49,000.00	113,056,500.00	4,968,950,000.00	690,346,469.76	Financial Statements
Other Current Liabilities	990,758,356.70	-48,317,000.00	322,670,500.00	12,137,000,000.00	1,870,004,710.84	Financial Statements
Other Expenses	49,916,440.59	-64,000,000.00	608,500.00	16,189,674,590.00	363,247,062.24	Financial Statements
Other Financing Activities	221,463,311.27	-975,168,999.00	8,000,000.00	3,297,501,000.00	524,943,949.61	Financial Statements
Other Investing Activities	4,791,113.98	-448,000,000.00	123,500.00	3,060,433,659.00	97,646,984.87	Financial Statements
Other Liabilities	111,303.72	-267,212.00	0.00	51,076,000.00	2,208,107.68	Financial Statements
Other Non-Cash Items	14,733,647.77	-1,848,719,007.00	1,562,000.00	699,000,000.00	105,972,613.46	Financial Statements
Other Non-Current Assets	526,230,472.94	-75,012,534,818.00	154,478,500.00	8,037,000,000.00	1,892,020,258.31	Financial Statements

Continued on next page

Variable Name	Mean	Minimum	Median	Maximum	Standard Deviation	Variable Type
Other Non-Current Liabilities	973,607,594.44	-286,041,895.00	326,195,000.00	11,890,564,000.00	1,729,729,702.42	Financial Statements
Other Total Stockholders' Equity	1,058,480,401.28	-12,393,000,000.00	387,440,500.00	34,030,400,000.00	3,676,996,160.82	Financial Statements
Other Working Capital	20,095,755.18	-1,788,851,160.00	0.00	40,341,689,407.00	784,774,785.47	Financial Statements
Preferred Stock	8,957,412.19	0.00	0.00	401,500,000.00	41,741,915.35	Financial Statements
Purchases of Investments	-99,111,435.92	-11,997,654,000.00	0.00	81,823,000.00	344,843,591.76	Financial Statements
Research and Development Expenses	24,546,760.47	-214,000.00	0.00	893,000,000.00	90,083,795.75	Financial Statements
Retained Earnings	3,629,692,655.97	-4,839,000,000.00	1,274,232,500.00	37,899,000,000.00	6,497,897,135.46	Financial Statements
Revenue	2,752,115,994.55	-4,273,000.00	1,283,674,000.00	25,420,000,000.00	4,046,436,838.80	Financial Statements
Sales and Maturities of Investments	92,477,266.23	-9,409,000.00	0.00	8,936,406,000.00	303,356,990.01	Financial Statements
Selling General and Administrative Expenses	293,844,085.52	-2,117,000.00	114,052,500.00	3,333,000,000.00	495,298,108.22	Financial Statements
Selling and Marketing Expenses	25,337,708.44	-3,003,000.00	0.00	876,761,000.00	98,783,957.01	Financial Statements
Short Term Investments	171,674,306.11	-515,000.00	0.00	6,178,000,000.00	570,578,944.19	Financial Statements
Short-Term Debt	488,398,947.44	-655,561.00	89,034,500.00	5,359,000,000.00	919,311,633.83	Financial Statements
Stock-Based Compensation	14,271,901.15	-36,000,000.00	4,956,500.00	254,000,000.00	30,389,470.84	Financial Statements
Tax Assets	374,484,728.56	-2,310,712,000.00	45,781,000.00	6,535,000,000.00	917,009,577.63	Financial Statements
Tax Payable	60,320,998.32	-87,400.00	2,916,000.00	1,183,200,000.00	151,310,152.81	Financial Statements
Total Assets	16,041,516,101.31	123,279.00	6,776,797,500.00	131,556,000,000.00	22,888,760,450.42	Financial Statements
Total Current Assets	3,956,106,957.32	35,587.00	1,887,586,000.00	41,276,000,000.00	5,914,890,504.74	Financial Statements
Total Current Liabilities	2,841,825,102.84	12,178.00	1,101,173,000.00	29,919,000,000.00	4,386,480,010.78	Financial Statements
Total Debt	4,788,891,751.88	2,000.00	2,037,148,000.00	37,124,000,000.00	6,477,270,025.47	Financial Statements
Total Equity	5,025,612,554.17	-501,467,000.00	2,029,718,000.00	49,975,000,000.00	7,546,463,280.10	Financial Statements
Total Investments	762,733,616.78	-334,673,000.00	38,129,000.00	19,331,000,000.00	2,065,926,624.79	Financial Statements
Total Liabilities	10,144,020,041.90	79,283.00	4,287,428,500.00	87,293,000,000.00	14,121,143,146.21	Financial Statements
Total Liabilities and Stockholders' Equity	16,005,558,652.32	123,279.00	6,776,797,500.00	131,556,000,000.00	22,880,811,656.54	Financial Statements
Total Liabilities and Total Equity	16,005,558,652.32	123,279.00	6,776,797,500.00	131,556,000,000.00	22,880,811,656.54	Financial Statements
Total Non-Current Assets	11,376,619,839.67	49,861.00	4,137,290,500.00	104,263,000,000.00	16,727,793,153.36	Financial Statements
Total Non-Current Liabilities	6,875,270,635.58	53,696.00	2,800,400,000.00	54,300,000,000.00	9,789,172,194.03	Financial Statements
Total Other Income Expenses Net	-12,311,364.49	-503,976,000.00	-795,000.00	286,000,000.00	72,409,332.85	Financial Statements
Total Stockholders' Equity	4,987,566,971.51	-526,491,000.00	2,028,600,000.00	49,269,000,000.00	7,466,218,430.87	Financial Statements
Weighted Average Shares Outstanding	361,410,798.65	0.00	145,598,222.50	13,751,391,147.00	752,501,668.54	Financial Statements
Weighted Average Shares Outstanding (Diluted)	322,626,084.79	0.00	144,583,000.00	13,986,214,405.00	577,545,825.69	Financial Statements
Market Capitalization	20,034,247,568.22	106,422.00	6,348,776,650.00	726,320,349,360.00	47,265,667,703.74	Market Capitalization
Days Since Call	58.21	0.00	61.00	91.00	13.30	Metadata
First Principal Component of Tone	-0.01	-2.64	-0.20	25.35	1.34	NLP Feature
Gunning-Fog Score	12.52	8.55	12.43	19.29	1.32	NLP Feature
Number of Questions	36.24	0.00	35.00	107.00	16.29	NLP Feature
Numeric Transparency	0.12	0.01	0.12	0.40	0.05	NLP Feature
Positivity Score	0.19	-0.20	0.18	0.65	0.10	NLP Feature
Word Count	8,851.58	1,782.00	9,077.00	22,006.00	2,489.13	NLP Feature
Change Since Last Fixed Quarter Date	0.01	-2.00	0.00	2.00	0.29	Predicted - Change

A.2 Altman's Z-Score

As in Das et al. (2023), the components of the Z-score are as follows:

- A: EBIT / Total Assets
- B: Net Sales / Total Assets
- C: Market Capitalization / Total Liabilities
- D: Working Capital / Total Assets
- E: Retained Earnings / Total Assets

We Winsorize extreme values of Ratio A, B, D, and E by setting the top and bottom 2.5% of values to the 97.5 and 2.5 percentile, respectively. Due to the presence of additional outliers and the sourcing of market capitalization from a different dataset than the rest of the variables, Ratio C is instead Winsorized over the top and bottom 5% of values.

The ratios are combined via the following equation:

$$\text{Z-Score} = 3.3A + 0.99B + 0.6C + 1.2D + 1.4E$$