



The Spread of COVID-19 Disclosures



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<https://www.gsb.stanford.edu/faculty-research/publications/spread-covid-19-disclosure>



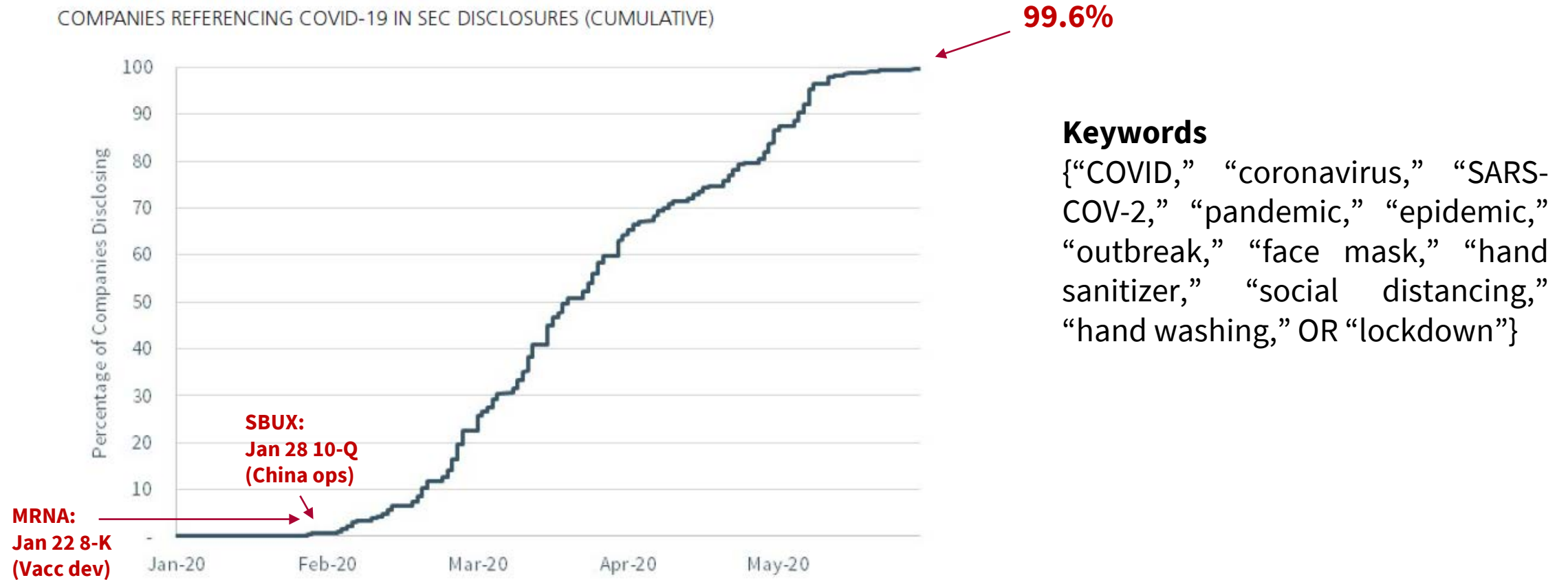
Bradford Lynch

Daniel Taylor

ACKNOWLEDGEMENT OF COVID

What fraction of companies discuss Covid? And when?

COMPANIES REFERENCING COVID-19 IN SEC DISCLOSURES (CUMULATIVE)



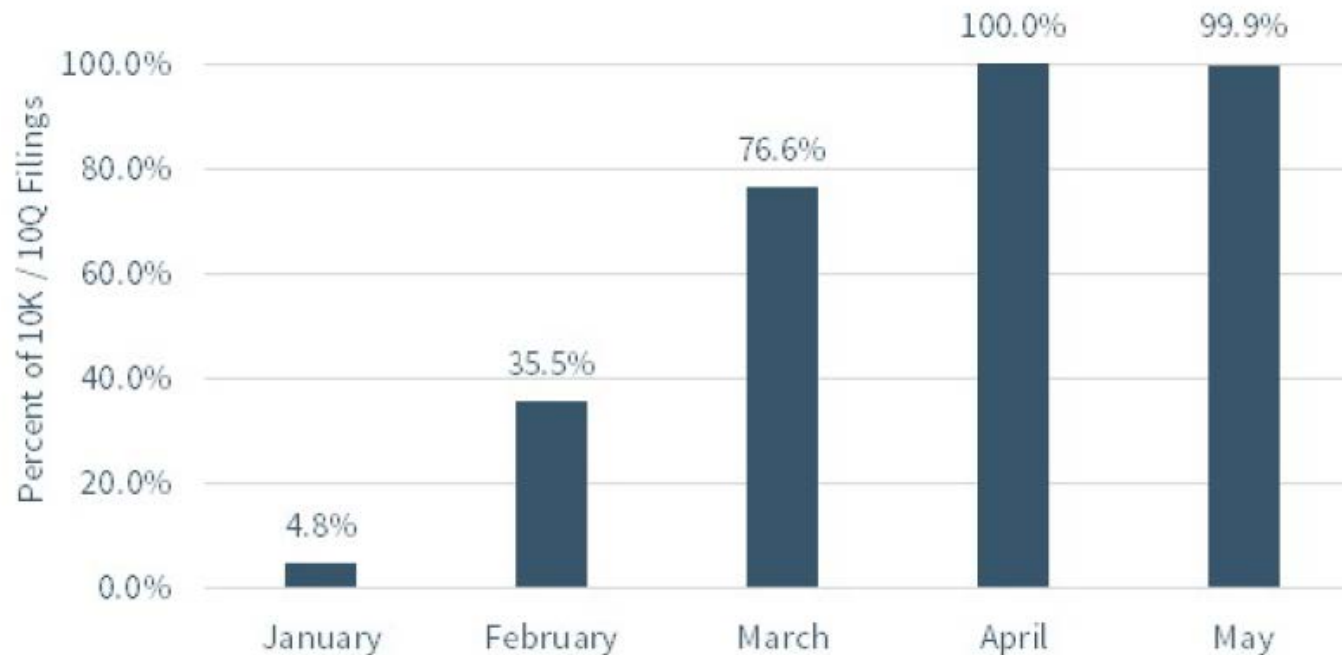
Note: Includes Forms 8-K, 10-Q, 10-K.

Review SEC filings (forms 8-K, 10-Q, 10-K) of 3,644 public listed companies in the US from Jan 2020 through May 2020. Plot percent of companies that mention COVID-19.

ACKNOWLEDGEMENT OF COVID

Of the 10-K / 10-Qs filed in a given month, what fraction discuss Covid?

PERCENT OF 10-K AND 10-Q FILINGS REFERENCING COVID-19



Keywords

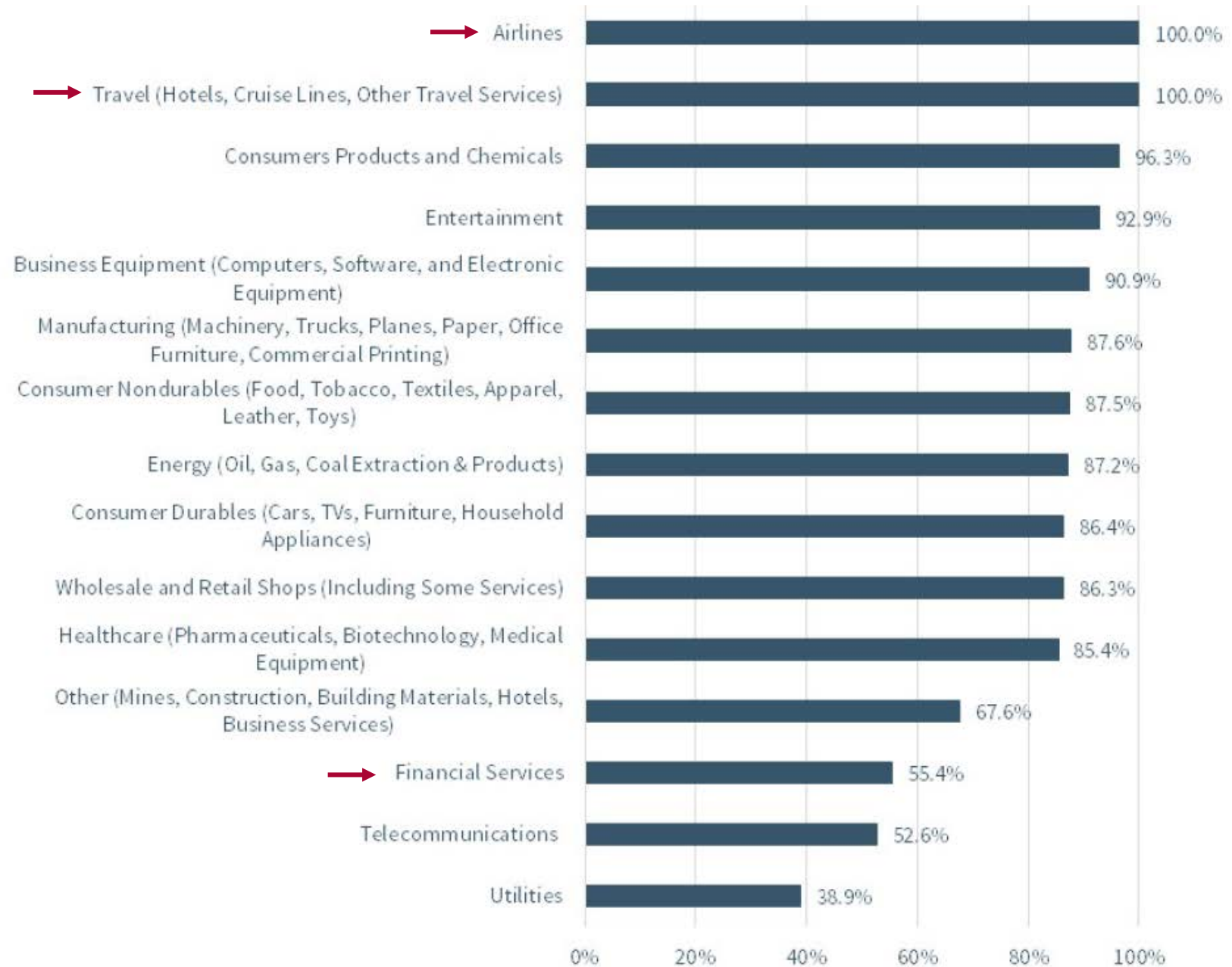
{“COVID,” “coronavirus,” “SARS-COV-2,” “pandemic,” “epidemic,” “outbreak,” “face mask,” “hand sanitizer,” “social distancing,” “hand washing,” OR “lockdown”}

Plot percent of 10K / 10Q filings in a given month that mention COVID-19

INDUSTRY

How does disclosure vary by industry?

Plot percent of companies that by March 31, 2020 had mentioned COVID-19

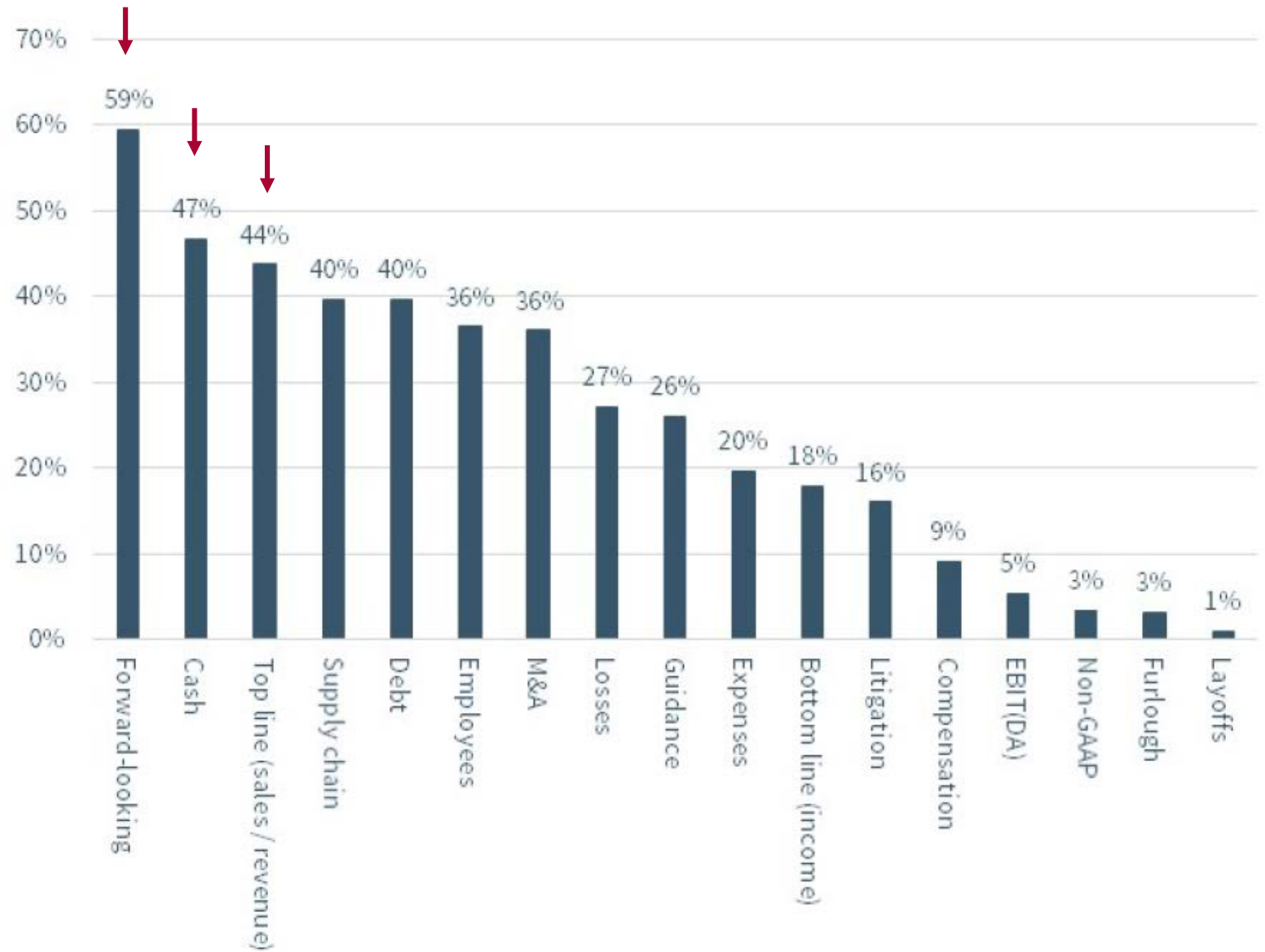


CONTENT

What is the topic of the disclosure? [Jan to May]

Certain statements may constitute forward-looking statements within the meaning of U.S. federal securities law ... and are subject to certain risks and uncertainties that could cause actual results to differ materially ... including but not limited to ... the outbreak of the recent coronavirus (COVID-19), [etc.].

Our key liquidity objective during these unprecedented and uncertain times is to prioritize actions that preserve or improve our cash balance until we are able to resume and sustain normal production and generate revenue.

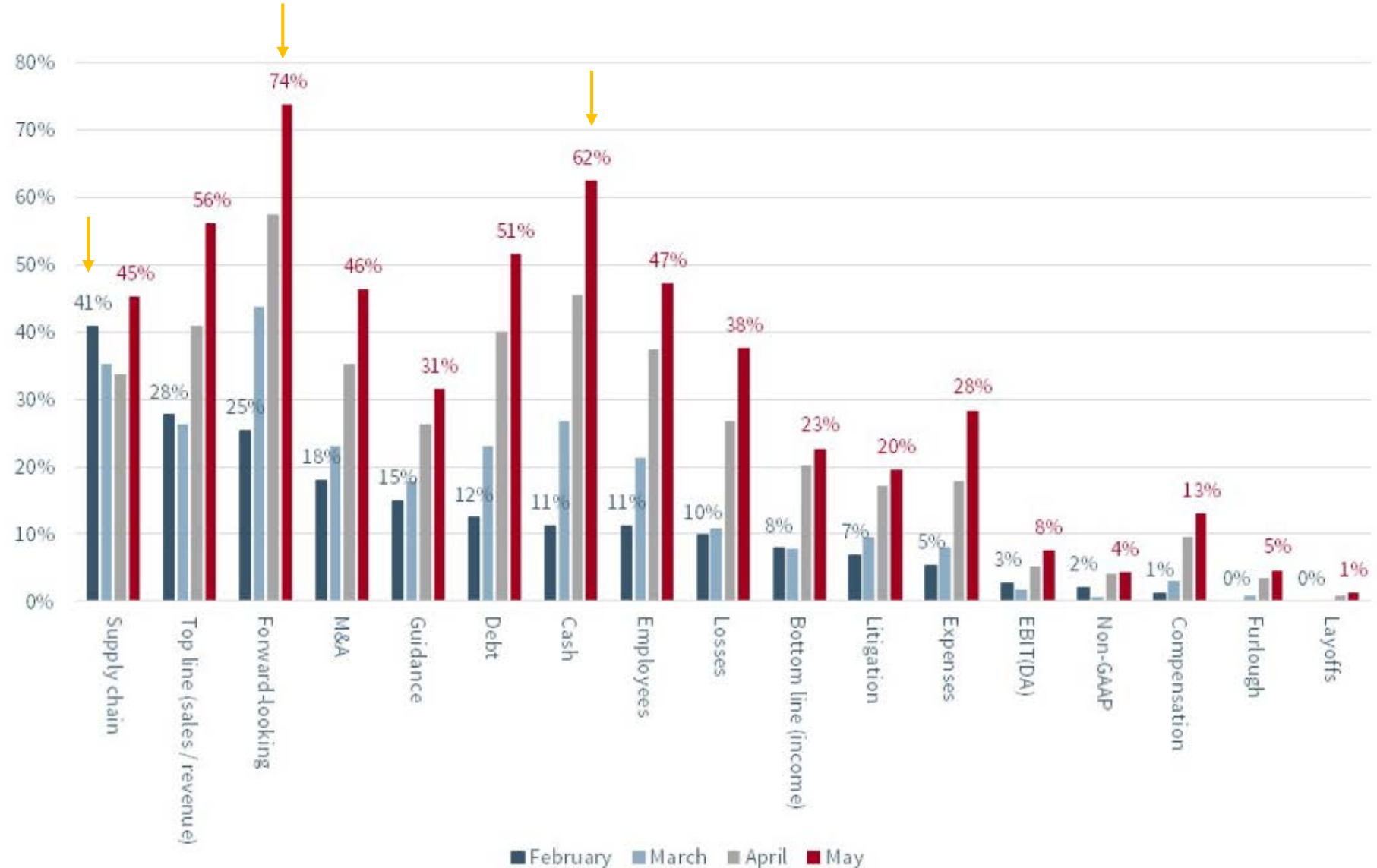


CONTENT

How does the topic of the disclosure evolve?

Supply chain was #1 in Feb, #7 in May.

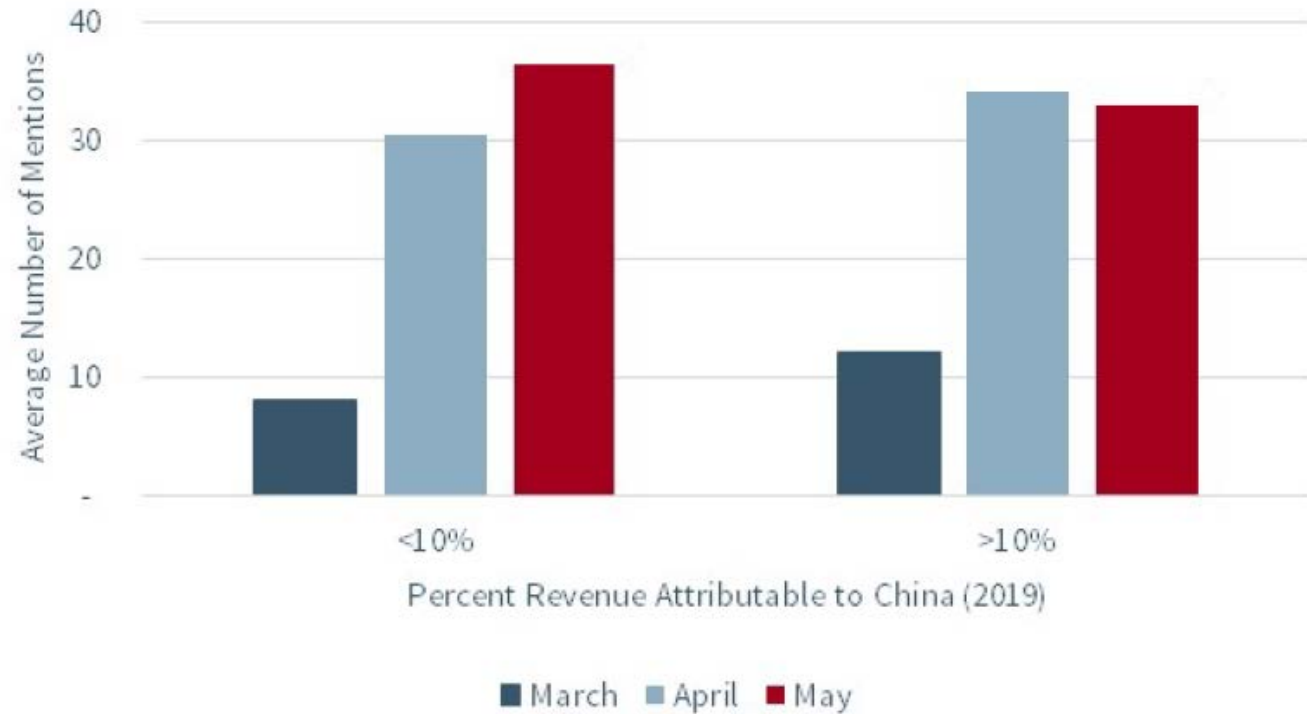
Cash/liquidity was #7 in Feb, #2 in May



EXPOSURE TO CHINA

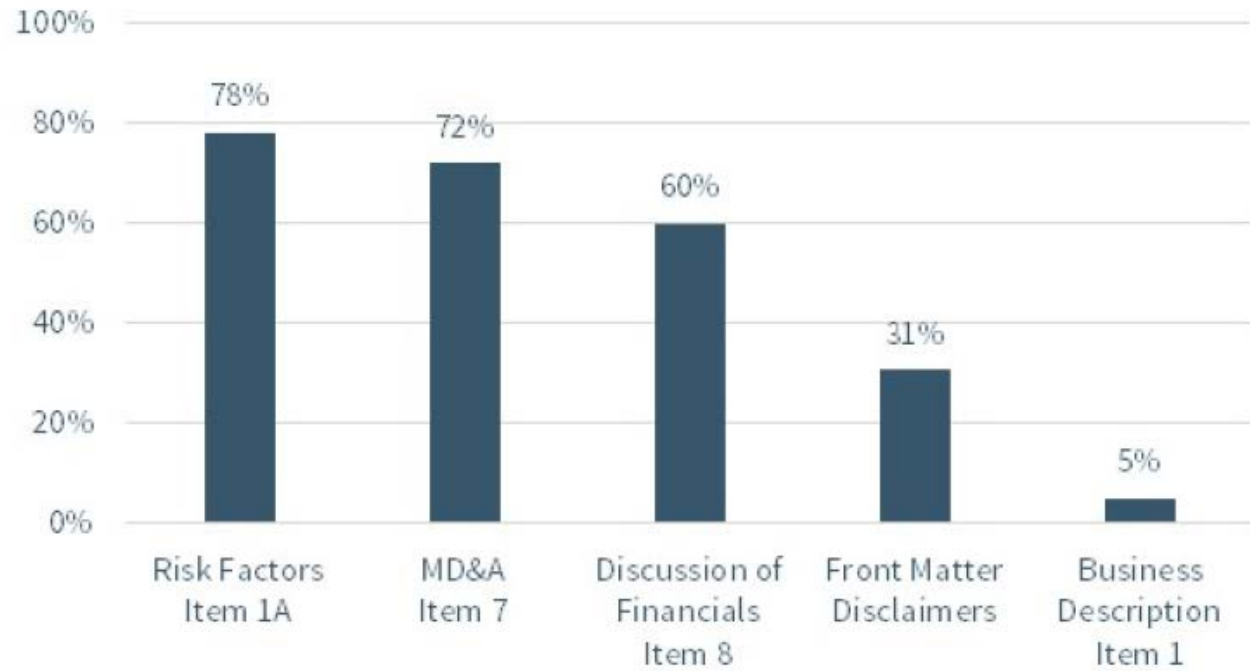
How does the extent of the discussion vary with exposure to China?

Greater exposure correlates with greater disclosure in **March** and **April**



WHERE IS IN BEING DISCLOSED

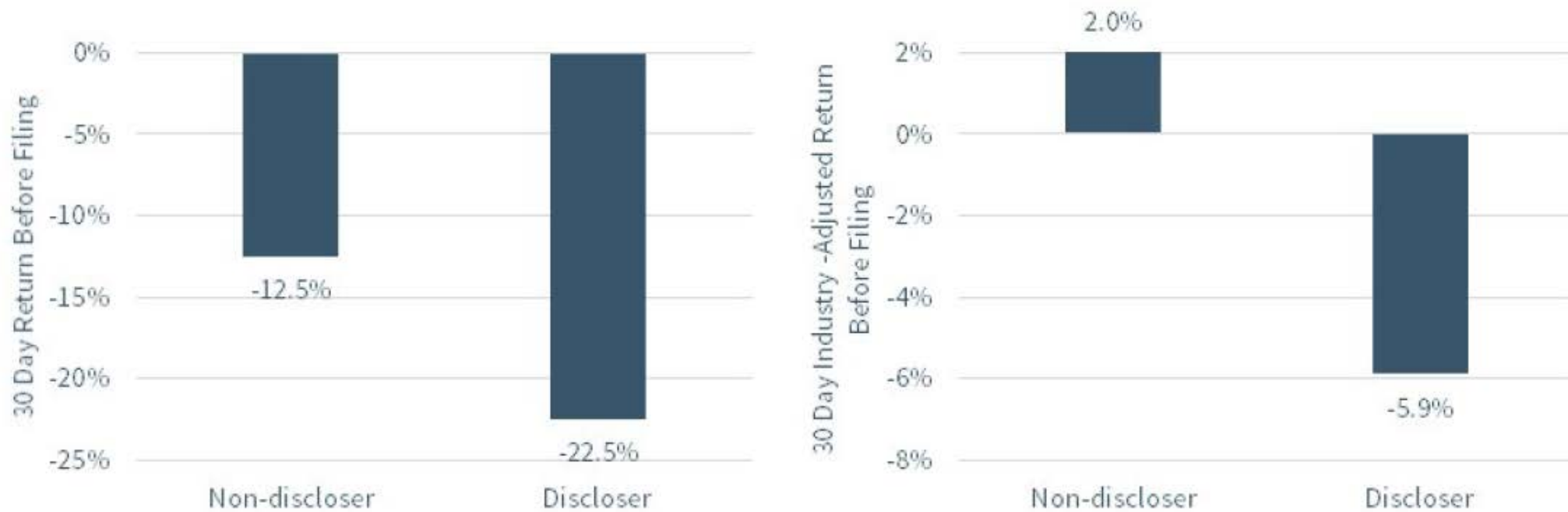
What section of 10Q/K is the discussion appearing?



PRE-FILING RETURNS

Who disclosed in March: good performers or poor performers?

EXHIBIT 7 — RETURNS LEADING UP TO MARCH 10-K AND 10-Q DISCLOSURES

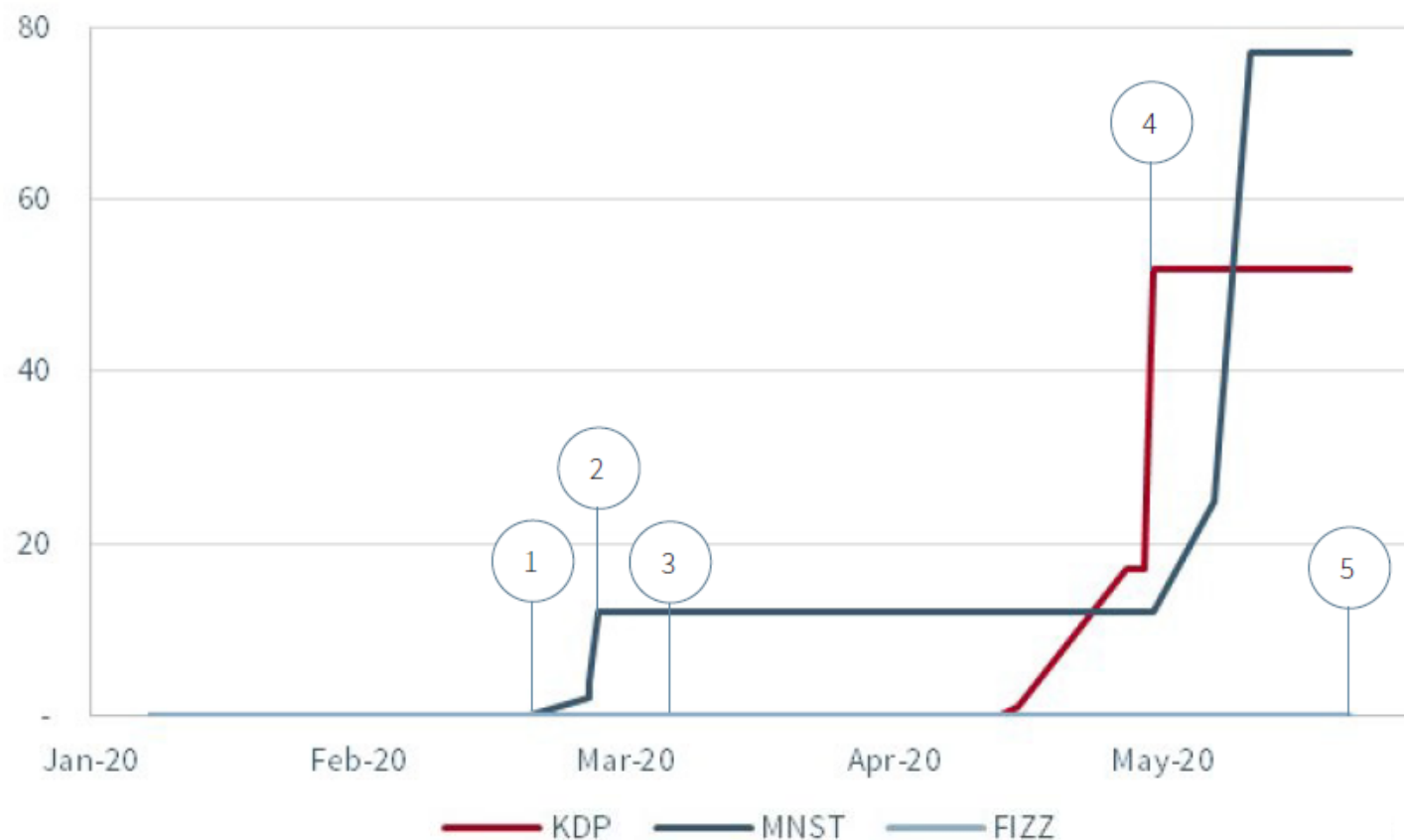


CASE STUDY

STOCK PRICE PERFORMANCE



COVID-19 DISCLOSURE: CUMULATIVE MENTIONS



FIZZ Item 1A 10K filed July 2020:

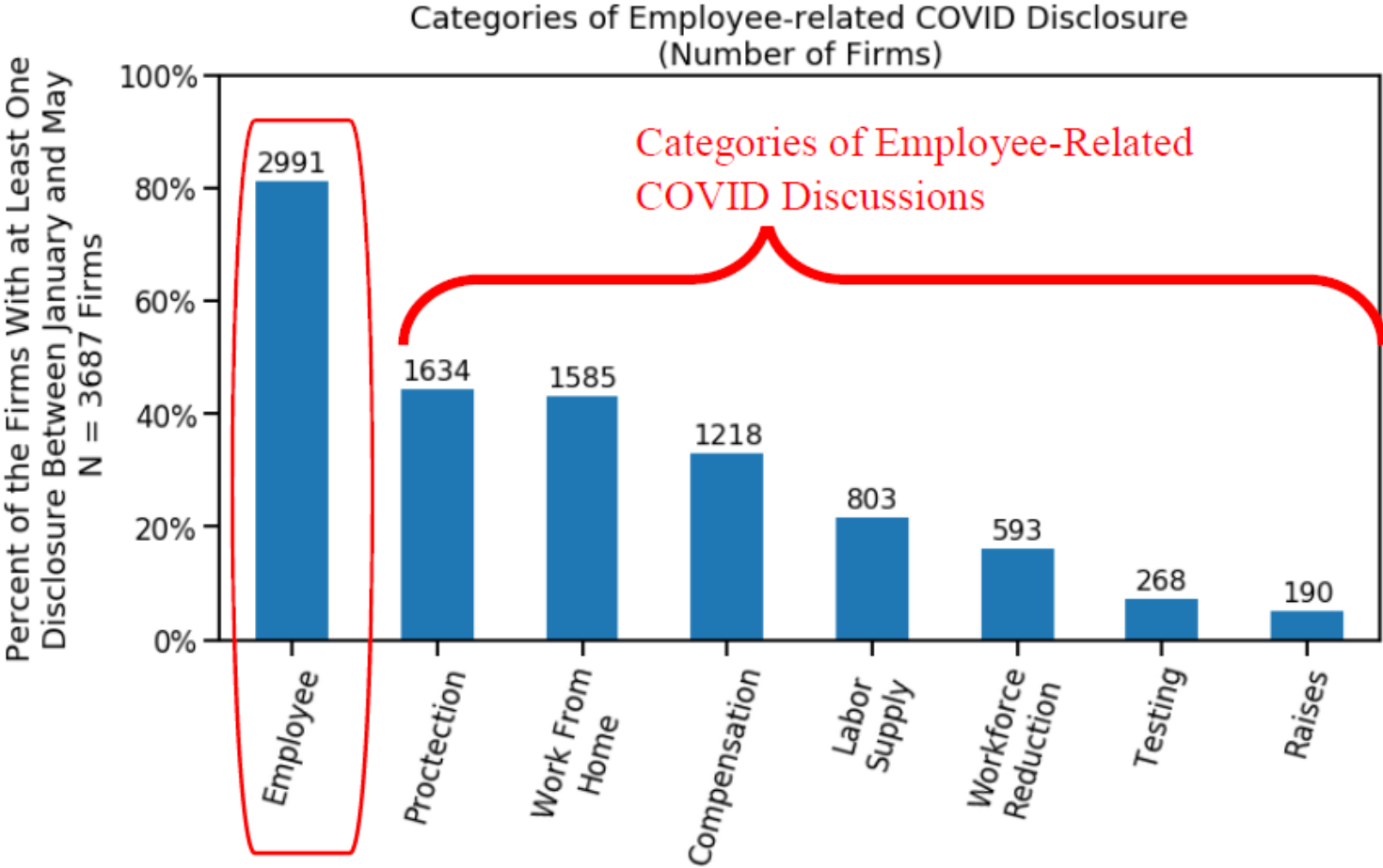
“**COVID-19 pandemic.** The magnitude and duration of the current COVID-19 pandemic is uncertain, rapidly changing and may be impacted by events beyond our knowledge or control. Such events could include a shutdown of one or more of our facilities resulting from illness or government restrictions, and the disruption of operations of our customers and suppliers. Such events could adversely impact our business, results of operations, financial condition and cash flows.”

1. 02-27: KEURIG 10-K, NO MENTIONS
2. 02-27: MONSTER 8-K, SUPPLY CHAIN RISK; 02-28: MONSTER 10-K, 8 MENTIONS
3. 03-05: NATIONAL BEVERAGE 10-Q, NO MENTIONS
4. 04-27: KEURIG 8-K, 16 MENTIONS; 04-30: KEURIG 10-Q, 35 MENTIONS
5. 05-29: NATIONAL BEVERAGE, STILL NO MENTIONS

Is this sufficient? What if this is the only discussion of Covid (through 11/2020)?

APPENDIX

EMPLOYEE RELATED



of Employee-Related
COVID Discussions

TOPIC DEFINITIONS

```
topics = {
  'Supply Chain':[r'(supply.?chain)', r'(manufacturing)', r'(shipment)', r'(supplier)'],
  'Top-line':[r'(sales)', r'(revenue)'],
  'Bottom-line':[r'(earnings)', r'(net[\s|-]?income)'],
  'EBIT(DA)':[r'(ebit)\b', r'(ebitda)'],
  'Expenses':[r'(expenses)'],
  'Losses':[r'(loss)'],
  'Non-GAAP':[r'(non[\s|-]gaap)', r'(pro\s?forma)'],
  'Cash':[r'(cash)', r'(liquidity)', r'(liquid)'],
  'Debt':[r'(borrowed)', r'(debt)', r'(credit)', r'(revolver)'],
  'Employees':[r'(employees)'],
  'Layoffs':[r'(layoff)'],
  'Furlough':[r'(furlough)'],
  'Forward\nLooking':[r'(forward-?look)', r'(future)', r'(forecasted)'],
  'Compensation':[r'(compensation)', r'(pay-?\s?package)', r'(equity grant)', r'(stock unit)', r'(options)']
}
```