The Spread of COVID-19 Disclosures

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Acknowledgement of COVID

What fraction of companies discuss Covid? And when?


Keywords

99.6%
ACKNOWLEDGEMENT OF COVID

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

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

Keywords
{“COVID,” “coronavirus,” “SARS-CoV-2,” “pandemic,” “epidemic,” “outbreak,” “face mask,” “hand sanitizer,” “social distancing,” “hand washing,” OR “lockdown”}
How does disclosure vary by industry?

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

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

Categories of Employee-related COVID Disclosure
(Number of Firms)

- Employee: 2991
- Protection: 1634
- Work From Home: 1585
- Compensation: 1218
- Labor Supply: 803
- Workforce Reduction: 593
- Testing: 268
- Raises: 190

Percent of the Firms With at Least One Disclosure Between January and May
N = 3687 Firms

# 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'(proc\[s\]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-looking':[r'(forward-?look)', r'(future)', r'(forecasted)'],
    'Compensation':[r'(compensation)', r'(pay-\[s\]package)', r'(equity grant)', r'(stock unit)', r'(options)']
}