

IASB® meeting

Project	Primary Financial Statements		
Paper topic	Management performance measures—disclosures—usefulness and reconciliations		
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Objective

1. This paper sets out staff analysis and recommendations which respond to stakeholder comments relating to two of the proposed disclosure requirements for management performance measures in the Exposure Draft *General Presentation and Disclosures*:
 - (a) a description of why the management performance measure communicates management’s view of performance, including an explanation of:
 - (i) how the management performance measure is calculated; and
 - (ii) how the measure provides useful information about the entity’s performance; and
 - (b) a reconciliation between a management performance measure and the most directly comparable subtotal or total specified by IFRS Accounting Standards.
2. In future papers, we plan to discuss:
 - (a) other disclosure requirements for management performance measures, including:
 - (i) presentation restrictions, for example the restriction on the use of columns;
 - (ii) the location of disclosure, for example cross-referencing;

- (iii) other stakeholder comments, for example requirements for changes to management performance measures;
- (b) whether specific guidance is needed with regards to the timing of public communications (following up on related discussion in [Agenda Paper 21A](#) of the September 2021 IASB meeting);
- (c) whether specific guidance is needed for non-GAAP measures that are not management performance measures; and
- (d) how management performance measures work with other requirements including:
 - (i) accounting policies;
 - (ii) unusual income and expenses;
 - (iii) segment reporting;
 - (iv) subtotals in the statement(s) of financial performance; and
 - (v) earnings per share measures.

Summary of staff recommendations in this paper

3. The staff recommend the IASB:
 - (a) confirm the requirement for an entity to disclose a description of why a management performance measure communicates management’s view of performance, including an explanation of:
 - (i) how the management performance measure is calculated; and
 - (ii) how the measure provides useful information about the entity’s performance;
 - (b) provide additional application guidance to support the requirement described in paragraph 3(a). The guidance would clarify that, when necessary for a user of financial statements to understand why a management performance measure communicates management’s view of performance, the explanations required by paragraphs 3(a)(i) and 3(a)(ii) would refer to the individual items

- reconciling a management performance measure to the most directly comparable subtotal or total specified in IFRS Accounting Standards;
- (c) confirm the requirement for an entity to disclose a reconciliation between a management performance measure and the most directly comparable subtotal or total specified in IFRS Accounting Standards;
 - (d) add a requirement for an entity to disclose, for each item reconciling a management performance measure to the most directly comparable subtotal or total specified by IFRS Accounting Standards, the amount(s) related to each line item(s) in the statement(s) of financial performance; and
 - (e) specify that one way to meet this requirement is to use a side-by-side columnar format for the reconciliation.

Structure of the paper

- 4. This paper is structured as follows:
 - (a) background (paragraphs 5–27):
 - (i) proposals in the Exposure Draft (paragraphs 5–9);
 - (ii) extract of the feedback on the proposals in the Exposure Draft (paragraphs 10–13);
 - (iii) fieldwork findings (paragraphs 14–16);
 - (iv) extract of academic literature review (paragraphs 17–21); and
 - (v) summary of related tentative IASB decisions and discussions from its redeliberations to date (paragraphs 22–27);
 - (b) staff analysis and recommendations (paragraphs 28–54);
 - (i) description of why a management performance measure communicates management’s view of performance (paragraphs 29–40);
 - (ii) reconciliation between the management performance measure and the most directly comparable subtotal or total specified by IFRS Accounting Standards (paragraphs 41–48); and

- (iii) confidentiality of reconciling items (paragraphs 49–54);
- (c) Appendix A—Examples of different types of management performance measure reconciliations observed in fieldwork; and
- (d) Appendix B—List of academic papers.

Background

Proposals in the Exposure Draft

5. The Exposure Draft proposed that an entity would be required to disclose specific information about management performance measures (see paragraph 106 of the Exposure Draft). This paper discusses the following proposed requirements:
 - (a) a description of why the management performance measure communicates management’s view of performance, including an explanation of:
 - (i) how the management performance measure is calculated; and
 - (ii) how the measure provides useful information about the entity’s performance; and
 - (b) a reconciliation to the most directly comparable subtotal or total specified by IFRS Accounting Standards.

6. The Exposure Draft also included application guidance (see paragraphs B84–B85 of the Exposure Draft):
 - (a) explaining that to comply with the requirement in paragraph 5(a)(ii) an entity shall explain the specific principles, bases, conventions, rules and practices it applies in calculating its management performance measures;
 - (b) providing an example of a directly comparable subtotal—an entity that discloses in the notes adjusted operating profit or loss as a management performance measure would reconcile to operating profit or loss as the most directly comparable subtotal; and

- (c) specifying that in aggregating or disaggregating the reconciling items disclosed an entity shall apply the requirements for aggregation and disaggregation included in the Exposure Draft.
7. Paragraphs BC146–BC147 of the Basis for Conclusions explains that as part of research undertaken as part of the Primary Financial Statements project, users of financial statements expressed concerns about the quality of disclosures provided about management-defined performance measures. In some cases the disclosures:
- (a) lack transparency in how the management-defined performance measures are calculated;
 - (b) lack clarity regarding why these measures provide management’s view of the entity’s performance;
 - (c) create difficulties for users trying to reconcile the measures to the related measures specified by IFRS Accounting Standards; and
 - (d) are reported inconsistently from period to period.
8. Paragraph BC148 explains that including disclosures about management performance measures in the financial statements could help to address some of the concerns about these measures expressed by users of financial statements.
9. Paragraph BC168–BC169 explains that the IASB proposes that an entity provide a reconciliation to the most directly comparable subtotal or total specified by IFRS Accounting Standards for each management performance measure, making these measures more transparent. It is important for users of financial statements to understand how such measures relate to these totals or subtotals. A reconciliation provides users with information about how the management performance measure is calculated and how the measure compares to similar measures provided by other entities. The reconciliation also provides users with the information required to make their own adjustments to the management performance measure, should they decide that adjustments are needed.

Extract of the feedback on the proposals in the Exposure Draft

10. Most respondents generally agreed with the disclosure requirements proposed in the Exposure Draft because they said it would increase transparency and discipline in the way information is provided for non-GAAP measures.
11. Many respondents, including all users, agreed specifically with the requirements to reconcile management performance measures to the most directly comparable subtotal or total specified in IFRS Accounting Standards and to disclose information about changes to management performance measures.
12. Almost all respondents that agreed with providing reconciliations said they enhanced the usefulness of management performance measures. A few respondents specifically said that a benefit of reconciliations is providing information about the line items that are adjusted.
13. A few respondents said they were concerned that providing a detailed reconciliation might require them to disclose confidential information. These respondents suggested an exemption from disclosing confidential information.

Fieldwork findings

14. Most fieldwork participants provided a management performance measures note disclosure. Almost all of these participants identified a subset of their current non-GAAP performance measures as management performance measures. Participants identified between one and four management performance measures.
15. Participants disclosed reconciliations of management performance measures in different ways resulting in different levels of detail regarding the adjusting items. For example:
 - (a) one participant followed the format of the illustrative example in the Exposure Draft and disclosed reconciling items using a columnar format with a column representing each adjusting item and each row indicating line items in the statement of profit and loss (see example 1 of Appendix A). This disclosure showed how an adjusting item, such as restructuring, affected each line item in the statement of profit or loss.

- (b) another participant disclosed reconciling items as rows, with a column containing a narrative description of the line items of the statement of profit or loss affected by an adjusting item such as restructuring, but not a corresponding amount for each line item (see example 2 of Appendix A).
 - (c) a third participant disclosed reconciling items as rows without any information about how the reconciling items affected the line items in statement of profit or loss (see example 3 of Appendix A).
16. As the Exposure Draft does not specify the format of the reconciliation, all of these formats would comply with the proposed requirement.

Extract of academic literature review¹

17. The academic evidence on non-GAAP measures is generally in agreement that these measures are value relevant, ie associated with stock prices and stock returns (Black, Christensen, Ciesielski, and Whipple, 2018; Marques, 2017). There is evidence that managers disclose non-GAAP measures to better convey the performance of their companies but also for opportunistic reasons. As a result, in the absence of specific guidance on non-GAAP measures’ definitions and disclosure, the content of non-GAAP measures varies widely across entities. Discipline, transparency, consistency and full reconciliation to the closest GAAP equivalent are key for the decision usefulness of non-GAAP measure disclosures.
18. Research also highlights the importance of complete reconciliation disclosures for the usefulness of adjusted measures. In Australia, Clinch et al (2018) found non-GAAP earnings to be informative, but only for firms basing adjustments and reconciliations on a reported number in the statement of profit and loss. They found reconciliations to operating profit to be the most informative. They further documented that the association between non-GAAP earnings and prices was stronger when the disclosures were more complete.
19. Similarly, based on German data, Aubert and Grudnitski (2014) reported that high-quality reconciliations between non-GAAP earnings and GAAP earnings mitigated

¹ All papers included in the extract of academic literature review are listed in Appendix B.

market mispricing of non-GAAP earnings disclosures. They defined reconciliation quality by the degree to which a non-GAAP disclosure fully articulated the difference between non-GAAP and GAAP earnings. Academic research has also shown that side-by-side reconciliations (a recast of the statement of profit or loss with reconciling items presented as columns showing the effect of the reconciling item on each line item of the statement of profit or loss) enhance the transparency of the line items affected by the adjustments and that entities presenting side-by-side adjustments are less likely to engage in strategic disclosure behaviours (Zhang and Zheng, 2011; Brown et al, 2012; Gomez, Heflin and Wang, 2018).

20. Researchers have also concluded that including non-GAAP measures in the financial statements and mandating their reconciliation disclosure is likely to result in improved comparability between non-GAAP measures across entities. Clinch, Tarca and Wee (2019) documented that the type of non-IFRS performance measures disclosed differed by country, likely reflecting prior national practices and positions of security market regulators. Their finding was based on a comprehensive sample of entities in different jurisdictions including Australia, France, Germany, Hong Kong, Italy, Singapore, Sweden and the United Kingdom.
21. Another issue concerning current disclosures of non-GAAP measures is that they are often non-transparent. For instance, Hitz (2010) showed that even though disclosure of non-GAAP earnings was an established reporting practice on the German capital market, non-GAAP measure reconciliation disclosures did not always explain the nature and amounts of these exclusions. Isidro and Marques (2015) concluded that in environments in which there was more pressure to achieve earnings benchmarks and less opportunity to manipulate GAAP earnings, managers resorted to non-GAAP earnings disclosures more frequently (and adjusted non-GAAP earnings for recurring expenses such as research and development (R&D), depreciation, and stock-based compensation expenses) to meet the benchmarks. Choi and Young (2015) examined the practices of UK entities and concluded that non-GAAP earnings disclosures tended to be informative (opportunistic) when GAAP earnings beat (undershot) market expectations.

Summary of related tentative IASB decisions and discussions from its redeliberations to date

22. At its June 2021 meeting the IASB tentatively decided to confirm the definition of management performance measures as subtotals of income and expenses. It also tentatively decided to include in the scope of the management performance measure requirements the numerator or denominator of a ratio, if that numerator or denominator meets the definition of a management performance measure (see [Agenda Paper 21A](#) of June 2021).
23. At its November 2021 meeting the IASB discussed how the requirement for information in financial statements to give a faithful representation could be applied to management performance measures. [Agenda Paper 21C](#) of the meeting explained that a clear understanding of the aspect of performance a management performance measure communicates was important to achieving faithful representation. The paper further explains how the disclosure requirements for management performance measures contribute to an entity providing this clear understanding of the aspect of performance. For example, the requirement to explain how a measure is calculated helps users understand how a measure is constructed. The requirement to explain how a measure provides useful information about the entity's performance provides context to help understand the aspect of the performance being communicated.
24. The Exposure Draft also proposes a requirement to describe a management performance measure in a clear and understandable manner that does not mislead users. The IASB tentatively decided to add application guidance on how an entity could apply this requirement given its importance to faithful representation. The guidance would address the need for an entity to be transparent about the meaning of the terms used and the methods applied, in particular when they differ from those used when applying IFRS Accounting Standards.
25. During the November 2021 meeting some IASB members said that it was important that the disclosure requirements for management performance measures, including reconciliations, makes it clear to users what income and expenses are included and excluded from a management performance measure. Some IASB members said that reconciliations alone may not provide sufficient information over individual

reconciling items and suggested there should be specific guidance on the extent of explanation required for individual reconciling items.

26. At its November 2021 meeting the IASB also tentatively decided to (see [Agenda Paper 21A](#) of November 2021):
- (a) establish a rebuttable presumption that a subtotal of income and expenses included in public communications outside financial statements represents management’s view of an aspect of the entity’s financial performance.
 - (b) to allow an entity to rebut this presumption only when the entity has reasonable and supportable information demonstrating that a subtotal of income and expenses does not represent management’s view of an aspect of the entity’s financial performance.
 - (c) to provide high-level application guidance on how to assess whether the entity has reasonable and supportable information to support the rebuttal. The guidance would include an explanation that the assessment of whether a subtotal of income and expenses is a management performance measure is made for the subtotal as a whole.
27. Some IASB members asked whether specific guidance was needed on the requirement to explain how a measure provides useful information about the entity’s performance in cases where an entity assesses a measure as a whole to reflect management’s view even though an individual adjustment may not.

Staff analysis and recommendations

28. The staff analysis is structured as follows:
- (a) description of why a management performance measure communicates management’s view of performance (paragraphs 29–40);
 - (i) should we retain the proposal in the Exposure Draft (paragraphs 29–30)?
 - (ii) is additional guidance needed (paragraphs 31–40)?

- (b) reconciliation between the management performance measure and the most directly comparable subtotal or total specified by IFRS Accounting Standards (paragraphs 41–48);
 - (i) should we retain the proposal in the Exposure Draft (paragraphs 41–42)?
 - (ii) is additional guidance needed (paragraphs 43–48)?
- (c) confidentiality of reconciling items (paragraphs 49–54).

Description of why a management performance measure communicates management’s view of performance

Should we retain the proposal in the Exposure Draft?

- 29. Transparency about how a management performance measure is calculated and clarity over how it provides useful information about the entity’s performance were among the initial concerns of stakeholders that the proposals sought to address (see paragraphs 7–8).
- 30. The positive feedback received on the proposed disclosure requirements in the Exposure Draft suggests that these requirements largely resolve those initial concerns (see paragraph 10). The staff therefore recommend retaining the requirement to disclose a description of why a management performance measure communicates management’s view of performance.

Is additional guidance needed?

- 31. The disclosure requirements proposed in the Exposure Draft apply to a management performance measure as a whole. During the IASB’s discussions of the definition and objective of management performance measures questions were raised about the extent to which information would need to be disclosed for individual reconciling items (see paragraph 27).
- 32. There may be circumstances where information regarding individual reconciling items is required for users to understand how a management performance measure is calculated. For example, for a management performance measure comprising multiple adjusting items, only one of which is calculated applying entity specific accounting

- policies, a user of financial statements may require information specific to that adjustment to understand how the management performance measure has been calculated.
33. Similarly, how an individual adjustment relates to an entity's explanation of how the management performance measure provides useful information about the entity's performance may require further explanation. For example, for a management performance measure that an entity explains is adjusted for non-recurring items, an individual item that is otherwise expected to recur may require further explanation over the circumstances that give rise to its exclusion as non-recurring.
 34. In the staff's view, disclosure about specific reconciling items should be required in such cases, where it is necessary to an understanding of the management performance measure. Additional application guidance requiring this information would help achieve more consistent application.
 35. The staff think additional guidance should clarify that, when necessary for a user of financial statements to understand how a management performance measure is calculated and how it provides useful information about the entity's performance, an entity provide explanations about the individual items reconciling a management performance measure to the most directly comparable subtotal or total specified in IFRS Accounting Standards.
 36. In some cases, how a management performance measure is calculated and how a measure provides useful information about the entity's performance will apply equally to all individual items reconciling a management performance measure to the most directly comparable subtotal or total specified in IFRS Accounting Standards. In such cases disclosure specific to individual reconciling items would not be required.
 37. The IASB tentatively decided to add to the requirement for an entity to describe a management performance measure in a clear and understandable manner that does not mislead users (see paragraph 24). The additional guidance in the staff recommendation in this paper would complement that application guidance.
 38. The IASB tentatively decided to introduce a rebuttable presumption that a subtotal of income and expenses included in an entity's public communications communicates management's view of performance making it a management performance measure.

Applying the presumption an entity may conclude that a measure as a whole communicates management's view even though it includes a reconciling item(s) that individually do not reflect management's view (see paragraph 27). Applying the staff's recommendation, an entity would apply judgement to decide whether disclosing its view regarding the individual item(s) was important to the understanding of how the management performance measure communicates management's view of performance.

39. The staff recommend that the IASB provide additional application guidance. This guidance would support the disclosure requirement for a description of why a management performance measure communicates management's view of performance, including an explanation of:
- (a) how the management performance measure is calculated; and
 - (b) how the measure provides useful information about the entity's performance.
40. The additional application guidance would clarify that, when necessary for a user of financial statements to understand why a management performance measure communicates management's view of performance, the explanations required by paragraphs 39(a) and 39(b) would refer to the individual items reconciling a management performance measure to the most directly comparable subtotal or total specified in IFRS Accounting Standards.

Question for the IASB

Q1 Does the IASB agree with the staff's recommendation to:

- (a) confirm the requirement for an entity to disclose a description of why a management performance measure communicates management's view of performance, including an explanation of:
 - (i) how the management performance measure is calculated; and
 - (ii) how the measure provides useful information about the entity's performance; and
- (b) provide additional application guidance to support the requirement in Q1(a). The guidance would clarify that, when necessary for a user of financial statements to understand why a management performance measure communicates management's view of performance, the explanations required by paragraphs Q1(a)(i) and Q1(a)(ii) would refer to the individual line items reconciling a management performance measure to the most directly comparable subtotal or total specified in IFRS Accounting Standards?

Reconciliation between the management performance measure and the most directly comparable subtotal or total specified by IFRS Accounting Standards

Should we retain the proposal in the Exposure Draft?

41. The IASB included the requirement for an entity to reconcile a management performance measure to the most directly comparable subtotal or total specified by IFRS Accounting Standards primarily to increase transparency of such measures (see paragraph 9).
42. The positive feedback received specifically on the reconciliation requirement suggests that it is an important aspect of the proposals (see paragraphs 11–12). Academic research also evidences the usefulness of reconciliations (see paragraphs 17–21). Hence, the staff recommend retaining this proposal.

Is additional guidance needed?

43. Academic research highlights reconciliations increase the usefulness of non-GAAP measures by enhancing the transparency of the line items affected in the financial statements (see paragraphs 17–21). For example, one study found that a side-by-side reconciliation was the most useful.
44. The requirement in the Exposure Draft for a management performance measure to be reconciled to the most directly comparable subtotal or total specified by IFRS Accounting Standards provides a link between the two subtotals. However, it does not specifically require an entity to identify the effects of the reconciling items on the individual line items in the statement(s) of financial performance even though the illustrative examples accompanying the Exposure Draft do so.
45. The management performance measure disclosures provided by fieldwork participants demonstrate that some forms of reconciliation provide limited information about how the reconciling items affect the line items in the statement(s) of financial performance (see paragraph 15).
46. In the staff's view, additional guidance requiring an entity disclose for each reconciling item the amount(s) related to each line item(s) in the statement(s) of financial performance would enhance transparency over management performance measures. The guidance could also specify that a side-by-side reconciliation is one way to meet this requirement as demonstrated in the illustrative example (see example 1 Appendix A).
47. Such a requirement would also respond to the comments of some IASB members that it is important that the disclosures make clear which income and expenses are included and excluded from a management performance measure (see paragraph 25).
48. The staff recommend additional guidance requiring an entity disclose for each reconciling item the amount(s) related to each line item(s) in the statement(s) of financial performance to improve the transparency of the information provided about management performance measures.

Question for the IASB

Q2 Does the IASB agree with the staff's recommendation to:

- (a) confirm the requirement for an entity to disclose a reconciliation between a management performance measure and the most directly comparable subtotal or total specified in IFRS Accounting Standards;
- (b) require an entity disclose, for each item reconciling a management performance measure to the most directly comparable subtotal or total specified by IFRS Accounting Standards, the amount(s) related to each line item(s) in the statement(s) of financial performance; and
- (c) specify that one way to achieve this requirement is to use a side-by-side columnar format for the reconciliation?

Confidentiality of reconciling items

49. A few respondents to the Exposure Draft said that disclosing detail of reconciling items may require an entity to disclose confidential information (see paragraph 13). Some of these respondents said that in some cases management performance measures may adjust for restructuring or tax effects that should not be disclosed to the public and peer companies for competitive reasons.
50. Paragraph 92 of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* provides an exception to the disclosure of information about a provision, contingent liability, or contingent asset. That exception applies only in the extremely rare case that the information would prejudice seriously the position of the entity in a dispute with other parties on the subject matter.
51. In the staff's view, the circumstances that would give rise to similar information in a management performance measure would be rare and do not require specific guidance. The staff note that even if the circumstances anticipated in paragraph 92 of IAS 37 were to arise for management performance measures, they would represent only a small subset of the information relevant to already rare circumstances.

- 52. The staff acknowledge that a confidential item could be aggregated with other reconciling items to reduce its transparency. However, the objective of management performance measures is to provide insight into management’s view of an aspect of the entity’s financial performance. Transparency is an important aspect of providing that insight and one of the reasons for introducing the management performance measure requirements.

- 53. An entity is also not required to produce a management performance measure. An entity is therefore able to keep information confidential by not creating measures that adjust for confidential items.

- 54. The staff do not recommend any changes to the disclosure requirements for management performance measures in response to concerns about the disclosure of confidential information.

Question for the IASB

Q3 Does the IASB have any questions or comments regarding the confidentiality of reconciling items?

Appendix A—Examples of different types of management performance measure reconciliations observed in fieldwork

A1. The illustrative examples to the Exposure Draft include an example of the note disclosures for management performance measures. The following illustrations re-organise the reconciliation included in that example to demonstrate the different reconciliation formats observed in the fieldwork findings.

Example 1—Side-by-side format (based on Exposure Draft Illustrative Example)

	MPM	Offshore income tax	Property tax	Restructure	Revenue adjustment	Financial Statements
Revenue		-		-	(6,200)	
Cost of Sales		-		(4,990)	-	
General & Admin		-	(2,500)	(410)	-	
Adjusted operating profit	55,370	-	(2,500)	(5,400)	(6,200)	(41,270)
Expenses from financing activities		-		(600)	-	
Income tax		4,000	625	900	1,550	
Adjusted profit	41,225	4,000	(1,875)	(5,100)	(4,650)	33,600

Example 2—Row reconciliation with description

Adjusted operating profit		Description
Operating profit	41,270	
Property tax	2,500	Affecting General & Admin
Restructure	5,400	Affecting Cost of Sales and General & Admin
Revenue adjustment	6,200	
Adjusted operating profit	55,370	

Adjusted profit		Description
Profit	33,600	
Property tax	2,500	Affecting General & Admin
Restructure	6,000	Affecting Cost of Sales, General & Admin and expenses from financing activities
Revenue adjustment	6,200	
Tax effect of adjusting items	(3,075)	
Offshore income tax	(4,000)	
Adjusted profit	41,225	

Example 3—Row reconciliation with no description

Adjusted operating profit	
Operating profit	41,270
Property tax	2,500
Restructure	5,400
Revenue adjustment	6,200
Adjusted operating profit	55,370

Adjusted profit	
Profit	33,600
Property tax	2,500
Restructure	6,000
Revenue adjustment	6,200
Tax effect of adjusting items	(3,075)
Offshore income tax	(4,000)
Adjusted profit	41,225

Appendix B—List of academic papers

- B1. Aubert, F. and Grudnitski, G. (2014), 'The role of reconciliation quality in limiting mispricing of non-GAAP earnings announcements by EURO STOXX firms', *Advances in Accounting*, 30 (1), 154-67.
- B2. Black, D., Christensen, T. E., Ciesielski, J. T., and Whipple, B. C. (2018), 'Non-GAAP reporting: Evidence from academia and current practice', *Journal of Business Finance and Accounting*, 45 (3/4), 259-294.
- B3. Choi, Y. and Young, S. (2015), 'Transitory earnings components and the two faces of non-generally accepted accounting principles earnings', *Accounting and Finance*, 55(1), 75-103.
- B4. Clinch, G., Tarca, A., and Wee, M. (2018), 'The value relevance of IFRS earnings totals and subtotals and non-GAAP performance measures', Working paper, University of Melbourne.
- B5. Clinch, G., Tarca, A., and Wee, M. (2019), 'Exploring comparability in disclosure of non-IFRS performance measures', Working paper, University of Melbourne
- B6. Gomez, E., Heflin, F., and Wang, J. (2018), 'Information environment consequences of SEC non-GAAP comment letters', Working paper, University of Georgia.
- B7. Hitz, J. (2010), 'Press release disclosure of 'pro forma' earnings metrics by large German corporations—Empirical evidence and regulatory recommendations', *Accounting in Europe*, 7 (1), 63-86.
- B8. Isidro, H. and Marques, A. (2015), 'The role of institutional and economic factors in the strategic use of non-GAAP disclosures to beat earnings benchmarks', *European Accounting Review*, 24 (1), 95-128.
- B9. Marques, A. (2017), 'Non-GAAP earnings: International overview and suggestions for research', *Meditari Accountancy Research*, 25(3), 318-335.

- B10. Nerissa C. Brown, Theodore E. Christensen and W. Brooke Elliott. (2012), 'The timing of quarterly 'pro forma' earnings announcements', *Journal of Business Finance & Accounting*, 39(3) & (4), 315 - 359.
- B11. Zhang, H. and Zheng, L. (2011) 'The valuation impact of reconciling pro forma earnings to GAAP earnings', *Journal of Accounting and Economics*, Volume 51, Issues 1-2, 186-202.