

The Costs of Decreased Financial Statement Comparability: Evidence from Divergent Leasing Standards

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Abstract: Contemporaneous changes to the accounting for leases under IFRS and US GAAP resulted in less comparable income statement metrics across the two reporting regimes. In this study, we examine how this decrease in comparability is associated with information processing costs for investors. We examine the forecasting behavior of analysts who follow firms that report under both IFRS and US GAAP and thus are most affected by the reduced comparability across the standards. We find that these analysts, relative to those who follow firms reporting under a single lease accounting standard, are less likely to forecast EBITDA. We also differentiate between time-series and cross-sectional comparability and find that our results appear driven by reduced cross-sectional comparability. Overall, our evidence suggests that the decrease in income statement comparability resulting from the new leasing standards significantly increases information processing costs, even among relatively sophisticated market participants.

Keywords: comparability, lease, information processing cost, analyst, regulation, standard-setting

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1. Introduction

Accounting regulators emphasize comparability as a cornerstone of useful financial information, with both the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) identifying comparability as an enhancing qualitative characteristic in their conceptual frameworks. Despite regulators' commitment to enhancing comparability, as formalized in the 2002 Norwalk Agreement,¹ achieving consistent accounting treatments across economic transactions remains a persistent challenge in international standard-setting. The FASB's and IASB's revised leasing standards provide a striking example of these challenges. While both boards addressed the same fundamental objective of bringing operating lease obligations onto firms' balance sheets, their different approaches to income statement presentation reduced the comparability of certain performance metrics. In this study, we provide evidence on the costs imposed on investors when the standard-setting process results in divergent standards.

Standard setters acknowledge that comparability may need to be balanced against other objectives when developing new standards (IASB 2018; FASB 2018). However, regulators make these consequential decisions with limited evidence regarding the costs that a lack of comparability imposes on financial statement users. Existing research on comparability predominantly examines increases in comparability from large-scale IFRS adoptions, leaving us with limited guidance on the effects of line-item comparability differences that arise when standards take different approaches to similar economic phenomena. Identifying and isolating the effect of comparability in the context of IFRS adoptions is also challenging due to simultaneous

¹ The Norwalk Agreement was signed in 2002 between the FASB and IASB with the goal of making existing financial reporting standards fully compatible. While substantial progress was made on several projects, the convergence effort effectively ended in 2014 when the SEC declined to make a final decision on IFRS adoption, leading both boards to pursue separate agendas.

improvements in standard quality, enforcement mechanisms, and cross-country institutional factors (Christensen, Hail, and Leuz 2013; Cascino and Gassen, 2015). In addition, improvements in comparability driven by IFRS adoption coincided with countries transitioning from lower-quality local standards to higher-quality international standards. In contrast, standard setters today often face tradeoffs regarding comparability when developing standards within an established, high-quality set of accounting standards. Further, the effects of decreased comparability may be fundamentally different from increases due to asymmetric adjustment costs. When comparability increases, market participants can choose whether to expand the universe of firms they follow. However, when the comparability between the existing firms in an investor's portfolio decreases, the investor must make costly adjustments across firms when deciding whether to continue or exit existing positions. This asymmetry suggests that insights from studies of comparability increases may not generalize to the decreases in comparability that standard setters confront in the rule-making process. In sum, we provide focused evidence on the effects of reduced comparability in a setting uncontaminated by the confounds of broad regulatory changes.

Specifically, we investigate the contemporaneous rule changes to leasing under IFRS and US GAAP for fiscal years beginning December 15, 2018, and examine how the resulting decrease in income statement comparability affects the information processing costs of market participants. The revised leasing standards represent a significant change to financial reporting, with both standards requiring firms to recognize previously off-balance sheet lease obligations as liabilities (e.g., Altamuro, Chen, Li, 2025). However, US GAAP retains the distinction between operating and finance leases and continues to classify operating lease expenses as operating costs. In contrast, IFRS 16 classifies all leases as finance leases. As a result, IFRS firms must

split costs previously recognized under operating leases between depreciation and interest expense. This difference renders earnings before interest, taxes, depreciation, and amortization (EBITDA), a commonly used financial metric (e.g., Elfrink et al., 2025), incomparable across the two standards.² Specifically, operating lease costs continue to reduce EBITDA for US GAAP firms, whereas the same lease under IFRS does not.³ Thus, investors who only follow US firms would not experience a decrease in income statement comparability; however, investors following firms that report under both US GAAP and IFRS would. We examine the costs this incomparability imposes on financial statement users by studying analyst EBITDA forecasts. Studying EBITDA forecasts allows us to directly examine financial statement users' assessments of the financial metric most affected by the decrease in income statement comparability. Focusing on a standard that decreases comparability allows us to assess comparability directly, rather than inferring comparability from associations between economic outcomes and the output of firms' accounting systems (e.g., De Franco, Kothari, and Verdi 2011).

Our research design captures several dimensions of analyst activity that reflect information processing costs. First, we analyze analysts' primary decision of whether to issue an EBITDA forecast. Second, conditional on observing a forecast, we examine the forecast attributes of timeliness and accuracy. We compare analysts most exposed to incomparability across standards (those who cover both IFRS and US GAAP firms) with analysts covering firms under a single standard. By contrasting changes in analyst behavior after the adoption of the revised leasing standards, our research design controls for the increase in balance sheet

² While the interest expense associated with a finance leases will be higher at the beginning of the lease and decrease over time, this is unlikely to significantly affect net income for firms with portfolios of leases starting and ending in different reporting periods.

³ Prior work finds evidence that incentives to report higher EBITDA prompt some firms to favor finance leases and capital expenditures over operating leases (Ma and Thomas 2023; Christensen, Linsmeier, and Wangerin 2025).

comparability experienced by *all* firms due to the capitalization of lease costs (e.g., Altamuro et al. 2025), allowing us to isolate the income statement incomparability induced by the standards. This research design also controls for any other factors affecting all firms, such as any increase in comparability from the converged revenue recognition standards, ASC 606 and IFRS 15, that became effective a year before the leasing standards. We find that decreased EBITDA comparability is associated with making fewer EBITDA forecasts.

Our setting also provides a unique opportunity to separate the effects of comparability into two components, namely, time-series comparability and cross-sectional comparability. Cross-sectional incomparability refers to differences in reporting across firms in the same reporting period. In contrast, time-series incomparability refers to differences in reporting within the same firm over different reporting periods. While both represent sources of incomparability, it is unclear whether they impose similar costs on financial statement users. Time-series incomparability presents a one-time adjustment challenge, whereas cross-sectional incomparability poses an ongoing challenge when comparing firms that report under different standards. Understanding whether these distinct types of comparability challenges impose different costs on financial statement users can inform standard setters about the relative importance of achieving convergence versus maintaining consistency with existing national standards.

To provide evidence on the relative importance of time-series and cross-sectional incomparability, we compare three groups of analysts: those covering only US GAAP firms (who experience no change in income-statement comparability), those covering only IFRS firms (who face time-series incomparability as IFRS firms' EBITDA becomes incomparable to prior periods), and those analysts covering both types of firms (who face both time-series

incomparability and cross-sectional incomparability as IFRS and US GAAP firms' EBITDA becomes incomparable). Contrasting these different sets of analysts, we find evidence that analysts reduce EBITDA forecasts primarily due to cross-sectional incomparability, suggesting that the incomparability induced by the two standards is likely to have lasting effects.

Our study addresses a critical gap in the comparability literature by examining the costs of decreased comparability—a phenomenon that has received surprisingly little attention despite its importance for standard-setting decisions. Prior research generally finds that financial statement comparability is associated with a variety of benefits, such as an enriched information environment (De Franco, Kothari, and Verdi 2011; Kim et al., 2016) and better investment decisions (Chen et al., 2018). However, the evidence on the benefits of comparability is not unambiguous. For example, several studies examine IFRS adoptions, which are thought to increase comparability across firms. Some of these studies find that benefits associated with IFRS propagate through comparability (Tan, Wang, and Welker 2011; Yip and Young 2012; Brochet, Jagolinzer, and Riedl 2013; Wang 2014), while others find this link more tenuous (Daske et al. 2008; Christensen, Hail, and Leuz 2013; Cascino and Gassen 2015). For example, Christensen et al. (2013, p. 149) conclude that their results “cast doubt on the existence of widespread comparability (or network) effects from the IFRS mandate,” and Cascino and Gassen (2015, p. 242) state, “our results suggest that the overall comparability effect of mandatory IFRS adoption is marginal.” Further, studies examining changes in comparability due to large-scale regulatory changes, such as IFRS adoption, are potentially confounded by concurrent changes in the quality of the underlying standards and changes in the enforcement regime. In this paper, we focus on a specific rule change, allowing us to examine a decrease in comparability that is less likely to be confounded by regime-level shifts in accounting standards and enforcement. Overall,

we find that the divergent leasing standards resulted in higher information processing costs related to the accounting performance metric most affected by the standards' differences. We also contribute to the literature on comparability by differentiating between cross-sectional and time-series incomparability. We show that, at least in our setting, cross-sectional incomparability appears to drive increases in processing costs, a consequential finding given that cross-sectional incomparability persists over time, unlike time-series incomparability.

Our findings also speak to the broader costs imposed by optionality within accounting standards. Accounting standards frequently allow firms to choose between alternative treatments for similar economic transactions, such as LIFO versus FIFO inventory accounting, straight-line versus percentage-of-revenue amortization for software development costs, or whether to classify certain fees as revenue reductions versus expenses. While our setting involves mandatory standards rather than explicit choices, it provides evidence on the costs of accounting diversity that complements studies of actual optional treatments (e.g., Dopuch and Pincus 1988; Clinch, Sidhu, and Sin 2002; Orpurt and Zang 2009; Fontes, Panaretou, and Shakespeare 2025). When firms choose between alternative accounting methods, the resulting incomparability may reflect both the accounting differences themselves and firm-specific factors that drive the choice. Our setting isolates the pure effect of having different accounting treatments for economically similar transactions, suggesting that optionality imposes processing costs on financial statement users even absent any strategic considerations.

Finally, we contribute to the growing accounting literature that examines the effects of the revised lease standards. Post-adoption, studies find that US firms transitioned away from operating leases, as these leases no longer allow firms to avoid recognizing a balance sheet liability (e.g., Ma and Thomas, 2023; Li and Venkatachalam, 2024; Christensen, Linsmeier, and

Wangerin, 2025). To minimize the balance sheet effect, some firms adopted shorter duration or variable leases (Ma and Thomas, 2024; Christensen et al., 2025; Heese, Shin, and Wang, 2025). Other work examines whether distinguishing between operating and financing leases is informative to investors, and finds this dual presentation of leases appears informative when tax and bankruptcy law also make similar differentiations (Christensen 2025). Studies also find that firms' investment efficiency improves after ASC 842 (Christensen, Lynch, Partridge 2023; Li and Venkatachalam 2024), and that these changes in investments affect firms' operations, indicating that regulations, such as the leasing standards, can have real effects (Shroff 2017; Li and Venkatachalam 2024). In a paper perhaps most closely related to ours, Altamuro et al. (2025) examine whether the global lease standards' overall effect on comparability and find increased overall comparability between US GAAP and IFRS firms, as evidenced by more similar mappings between accounting metrics and firm stock price, a result they conclude is driven by improvements in balance sheet comparability. Our paper, rather than evaluating how the standards generally affect comparability, focuses on the standards' divergent income statement comparability to examine the costs borne by investors when standards diverge. By examining analyst responses to differences in expense classifications related to EBITDA, we provide evidence that divergence across global standards imposes substantial information processing costs. In essence, Altamuro et al. (2025) ask whether the standards converged overall, while we examine the costs imposed on financial statement users by the areas where they did not converge.

The remainder of this paper is organized as follows. We introduce the institutional background behind the two standards. Section 3 outlines our hypotheses. Section 4 provides

descriptive statistics and research design. Section 5 provides the empirical results. Section 6 concludes.

2. Institutional Background

In this paper, we view comparability as the FASB and IASB do in their respective conceptual frameworks (FASB 2018 and IASB 2018). These two standard-setting bodies use identical language when referencing comparability. These regulators state that comparability “enables users to identify and understand similarities in, and differences among, items.” It is important to distinguish comparability from uniformity: “For information to be comparable like things must look alike and different things must look different.” These standard setters view comparability as an enhancing characteristic of useful financial information and define relevance and faithful representation as fundamental attributes of useful information. Faithful representation may naturally lead to comparability. However, this is not necessarily true, as the same economic event can potentially be faithfully represented in alternative ways. The revised leasing standards enacted by the IASB and the FASB provide an example of this scenario. While the IASB and FASB developed different standards, one might argue that both standards faithfully represent the underlying lease transaction. Thus, it may be possible for the same economic event to be faithfully represented under both standards, but the differences in the standards make the resulting financial statement presentation incomparable across the standards.

Both the IASB and the FASB published their revised leasing standards in 2016: IFRS 16 and ASC 842, respectively. IFRS 16 became effective for fiscal years starting on or after January 1, 2019, and ASC 842 became effective for firms with fiscal years beginning after December 15, 2018. The revised standards result from a joint project between the IASB and FASB that started

in 2006.⁴ In the following section, we outline how the revised leasing standards resulted in income statement numbers that are incomparable. This incomparability exists both across IFRS and US GAAP firms with a given reporting period (cross-sectional incomparability) and within IFRS firms across reporting periods (time-series incomparability).

While joint projects, such as the leasing project, aim to increase transparency and comparability among entities by converging IFRS and US GAAP, several differences exist in the enacted leasing standards. Both rule changes require firms to recognize leases previously classified as operating leases as liabilities on their balance sheets. IFRS 16 achieves this by removing the distinction between operating and finance leases. Under IFRS 16, firms must treat all leases as finance leases, recording both a liability and an asset related to the lease on the balance sheet. Costs associated with the lease are reflected in the depreciation of the leased asset and interest expense on the corresponding liability. In contrast, ASC 842 preserves the distinction between finance and operating leases. Firms continue to recognize operating lease costs under ASC 842 as a single expense. However, ASC 842 also standardizes the accounting treatment for the balance sheet, with both finance and operating leases resulting in a lease asset and liability.

Figure 1 illustrates how IFRS 16 and ASC 842 classify expenses related to operating leases differently on the income statement (IASB, 2016). IFRS 16 reclassifies expenses, replacing the straight-line operating lease expenses with a depreciation charge for the leased asset (included within operating costs) and an interest expense on the lease liability (included

⁴ The leasing project's extended timeline reflects the technical complexity of lease accounting and the challenge of achieving convergence across different legal and business environments. The project went through multiple exposure drafts and comment periods before final standards were issued in 2016.

within finance costs). In contrast, under ASC 842, firms continue recognizing costs associated with operating leases as a single expense.

These changes may make it more difficult for financial statement users to assess EBITDA for a firm reporting under IFRS. Under the old IFRS regime, a firm recorded the rental expense associated with an operating lease entirely under operating expenses, which is an expense included in the calculation of EBITDA. In the new IFRS 16 regime, the firm recognizes the lease-related expense under both depreciation and interest, which are excluded when calculating EBITDA. This change, therefore, results in a higher reported EBITDA for IFRS firms due to the reclassification of the lease-related expenses. An IFRS investor must manually adjust reported EBITDA if they want to directly compare it to the number the firm reported before the rule change. This adjustment is also necessary on an ongoing basis if the investor wants to compare across firms that are reporting under IFRS and US GAAP.

Despite its impact on the computation of EBITDA, IFRS 16 likely has little effect on a firm's bottom-line profit for the year. Firms typically record straight-line depreciation for assets under finance leases, consistent with the constant cost recognized under an operating lease. While the interest expense associated with a finance lease will be higher at the start of a lease term and decrease over the life of a lease, this is unlikely to significantly affect net income for the average company that holds a portfolio of leases that start and end in different reporting periods (IASB, 2016).

While it may be possible for investors to compute EBITDA adjusted for the effects of the accounting change using the information provided in a company's financial statements and associated footnotes, the costs of making these adjustments are not trivial. First, while IFRS 16 requires a lessee to disclose both the depreciation charge for right-of-use assets by the class of

underlying asset as well as the interest expense on lease liabilities in the financial footnote (EY, 2019), companies have discretion on how to present this information. For example, a firm might present the interest expense on lease liabilities under the finance cost footnote while disclosing depreciation and amortization associated with the lease under the lease footnote. The lease footnote can also contain a wealth of other information, making it more difficult for investors to identify the relevant numbers. Appendix B provides concrete examples of this disclosure heterogeneity, illustrating how two IFRS-reporting airlines disclose lease-related depreciation and interest expenses in different locations within their financial statements.

Additionally, companies have the option to elect either the full retrospective approach or the modified retrospective approach when transitioning to IFRS 16. Under the full retrospective approach, entities must apply IFRS 16 to each period presented in the financial statements, restating historical financials to make them comparable as if IFRS 16 had always been applied. Under the modified retrospective approach, the lessee does not need to restate comparative figures. Instead, the lessee recognizes the cumulative effect of adopting IFRS 16 on the balance sheet as an adjustment to the beginning balance of retained earnings. Under the modified retrospective approach, the lessee must also provide quantitative explanations for differences in operating lease commitments and liabilities. However, these explanations focus on the effects of the standard on the balance sheet, not its impact on EBITDA (EY, 2019).

It is important to note that while EBITDA is a non-GAAP metric with inherent cross-firm variation in calculation, our study examines systematic incomparability that differs fundamentally from typical non-GAAP measurement issues. The leasing standards create mechanical, rules-based differences in which costs are excluded from EBITDA calculations—IFRS firms systematically exclude operating lease-related costs while US GAAP firms continue

to include them. This represents standardized incomparability based on reporting regime rather than managerial discretion. Unlike traditional non-GAAP adjustments that vary idiosyncratically across firms, the lease-related EBITDA differences are predictable, observable, and consistent within each reporting regime, providing a clean setting to examine comparability effects.

3. Hypothesis Development

IFRS 16 introduced several changes to how a firm reporting under IFRS must account for leases in its financial statements. Importantly, these changes caused IFRS firms to diverge from their US GAAP peers in how they report certain lease expenses on their income statements. We argue that the rule change will affect investors' ability to process information related to leasing. Investors can readily access publicly available firm disclosures, such as earnings announcements and periodic reports. However, the information in these reports is not costless for investors to process when assessing firm performance and value. The literature on disclosure processing costs argues that investors incur three main types of disclosure processing costs: (1) awareness costs, (2) acquisition costs, and (3) integration costs (see Blankespoor et al. 2020 for a review). We argue that the changes to lease accounting introduced by IFRS 16 likely affect all of these costs, albeit to different degrees.

When assessing a firm's financial performance, an investor must first be aware that IFRS 16 decreased the comparability of current-period EBITDA to prior-period numbers for IFRS firms and also reduced the comparability of EBITDA to that reported by US GAAP firms. Being aware of this change, the investor must recognize that an adjustment to EBITDA is necessary to put it on a comparable basis. Thus, the investor also needs to understand the details of IFRS 16 to know how specifically the computation of EBITDA has changed and what adjustments are required to reformulate this number. The market participants we examine, financial analysts, are

likely aware of these changes and are therefore likely affected primarily by acquisition and integration costs as opposed to awareness costs. However, nonprofessional investors are more likely to incur awareness costs as well. Therefore, our findings related to processing costs for analysts likely establish a lower bound on the extent to which the incomparability of the leasing standards affected investors.

Being aware of the reporting changes to EBITDA, to consistently adjust EBITDA to put it on a comparable basis to prior periods and US GAAP firms, an investor must gather the relevant components of the lease expense that are recognized as a finance cost and in depreciation and amortization. Prior literature suggests that even when information is readily available, investors may underreact when processing costs are high, such as when information is only disclosed, as opposed to recognized in the financial statements (Michels 2017). An exception to this finding is Bratten, Choudhary, and Schipper (2013), who find that investors assess the recognized versus disclosed liabilities associated with capital and operating leases similarly. They conclude that investors process recognized and disclosed items similarly when the information is “salient, not based on management estimates, and amenable to simple techniques for imputing as-if recognized amounts.” As we discuss in the prior section, it is unlikely that most investors will find calculating EBITDA adjusted for the leasing standard change a straightforward exercise. Thus, we contend that the incomparability in EBITDA introduced by IFRS 16 leads to an increase in investors’ disclosure processing costs.

Second, we expect the effect of the accounting standards on analyst EBITDA forecasting decisions to be driven by decreases in cross-sectional incomparability, as opposed to time-series incomparability. Time-series incomparability reflects the one-time cost of adjusting to the new standard. Once analysts adapt their forecasting models to account for the change in EBITDA

calculation under the new standard, this cost is absorbed. Cross-sectional incomparability, however, persists after the adoption of the new standards. Following the standard, the differences in how IFRS and US GAAP firms measure EBITDA will endure indefinitely, requiring ongoing effort to make meaningful comparisons across firms in mixed portfolios. Analysts likely anticipate this persistent, and therefore larger, cost when deciding whether to continue providing EBITDA forecasts for firms following the adoption of the new accounting standards.

Third, we next examine whether the decrease in cross-firm comparability induced by IFRS 16 affects the *forecast accuracy* of analysts covering U.S. GAAP firms. Specifically, we compare the accuracy of GAAP-firm forecasts issued by “mixed” analysts—those who follow both IFRS and U.S. GAAP firms—to that of analysts who follow only GAAP firms. This test captures potential cross-sectional spillovers in analysts’ information processing. Because mixed analysts must interpret financial statements prepared under two distinct lease-accounting regimes, their mental models of EBITDA may become noisier even when forecasting GAAP firms that were unaffected by the standard itself. If mixed analysts fail to fully separate the two accounting systems, they may inadvertently overpredict EBITDA for their GAAP firms—expecting lease capitalization effects similar to those under IFRS 16 that never materialize.

Fourth, we explore how decreased comparability affects analysts' target price forecasts. Given that EBITDA is a commonly used metric in valuation multiples and equity pricing models, incomparability in EBITDA should create additional uncertainty when translating financial metrics into price estimates. We expect that analysts facing decreased EBITDA comparability will be less likely to issue target price forecasts due to increased valuation uncertainty. Conditional on issuing target prices, we anticipate that analysts will make more conservative forecasts to hedge against the additional uncertainty introduced by incomparable

EBITDA figures. This may manifest as systematically lower target prices relative to actual future stock performance, as analysts err on the side of caution when working with less comparable information inputs to their valuation models.

We emphasize here that IFRS 16 *as a whole* did not lead to an increase in accounting incomparability – rather, it had the opposite effect. The standard increased the comparability of liabilities and other balance sheet metrics across firms by moving leases to the balance sheet (Altamuro et al. 2025). However, it decreased the comparability of IFRS firms with respect to the calculation of EBITDA, a metric commonly used by investors. Hence, we argue that IFRS 16 led to an increase in disclosure processing costs with regard to *specifically* computing EBITDA. In our analysis, we test how this change in processing costs related to EBITDA affects outcomes while controlling for the change in balance sheet comparability by using US firms as control firms, as further discussed in our research design.

4. Sample Selection and Descriptive Statistics

We first start with all analysts in IBES, both internationally and within the US, who issue quarterly annual EBITDA forecasts. Next, we require that the firm appears in Worldscope or Compustat with positive total assets. We include both quarterly and semi-annual reporters. We gather firm-year observations for up to two years before and two years after the adoption IFRS 16 and ASC 842. We require a firm to report non-zero operating expenses in Worldscope in the most recent year before the rule change. We also require non-missing controls and that firms be incorporated in the 21 most developed markets in Morck, Yeung, Yu (2000). These countries represent major economies with established regulatory frameworks, deep capital markets, and sufficient data availability for our empirical analysis. This sample restriction ensures comparability among firms in analysts' portfolios while maintaining sufficient cross-country

variation. The final sample retains 441,711 unique analyst-firm-quarter IFRS observations and 231,928 unique analyst-firm-quarter GAAP observations.

In our analysis, there are 5,266 unique analysts, with 652 being classified as treated (analysts that have at least 1 GAAP and 1 IFRS firm with material operating leases in their portfolio) and 4,615 control analysts. Table 1 outlines how many IFRS and US GAAP firms we retain after applying each criterion outlined above. Table 2 Panel A outlines the distribution of IFRS and US GAAP firms by their country of origin. All US GAAP firms are incorporated in the US. The top three countries of incorporation for IFRS firms are Japan (8.51%), Korea (4.21%), and Germany (4.19%) Panel B also outlines the distribution of firms within each Fama French 48 industry. The firms are most concentrated in business services (10.86%).

We obtain all variables required to classify a firm as an IFRS or GAAP firm and construct control variables from Worldscope and Datastream. Descriptive statistics for our sample are provided in Table 2, Panel C. 69% of analyst forecasts include an EBITDA forecast. The average market-adjusted return for firms in our sample is 1%.

5. Research Design and Results

5.1 Overview of research design

To operationalize empirical measures of comparability, prior research examining financial statement comparability relies on either input-based measures or output-based measures. Input-based measures assess the degree to which the enacted accounting standards are comparable across firms (e.g., DeFond et al., 2011). Output-based measures examine the mapping between outcomes, such as market returns, and accounting numbers, such as earnings, and exploit the fact that comparable accounting systems should map economic events into accounting numbers in a similar way (e.g., De Franco, Kothari, and Verdi 2011). Finally, other

papers use a combination of measures, confirming that increases in input-based measures are associated with increased comparability in output-based measures (Yip and Young 2012, Barth et al. 2012). This paper takes an input-based approach, using the change in the leasing standards under IFRS and US GAAP. Key to our study, these standards introduced a difference between IFRS and US GAAP in how lease-related expenses are classified on the income statement. In our difference-in-differences research design described below, we first examine the effects of accounting incomparability on analysts' forecasting decisions. Next, conditional on the provision of a forecast, we examine the effects of incomparability of forecasting outcomes.

5.2 Defining treatment and control firms

In our analysis examining analyst behavior, we consider the degree to which an analyst is affected by the incomparability in EBITDA across IFRS and US GAAP following the introduction of IFRS 16 and ASC 842. We categorize analysts covering at least 1 US and IFRS firm with non-zero operating leases as our treated group. These analysts experience the effects of both cross-sectional and time-series incomparability and thus experience the greatest increase in information processing costs following the adoption of the revised standards. Here, cross-sectional incomparability arises from the analysts' coverage of firms that report under both IFRS and GAAP, and time-series incomparability stems from IFRS 16 interrupting the continuity of EBITDA reporting. In contrast, our control group consists of analysts tracking firms who all report under the same reporting standard (either all IFRS or all GAAP). In additional analyses, we separate the influences of cross-sectional versus time-series incomparability by leveraging variation within the control group. The close proximity of the passage of IFRS 16 and ASC 842 allows us to conduct our analyses in a narrow time window around the enactment of the rules, thus comparing the treatment and the control sample while holding time trends constant. Our

control firms also control for increases in balance sheet comparability resulting from the adoption of the leasing standards.

We note that an assumption embedded in how we defined treated and control analysts is that analysts use firms within their covered portfolio to benchmark the other firms within the portfolio. It is possible that analysts who exclusively cover IFRS or GAAP firms may benchmark against firms outside their coverage portfolio that report under another accounting regime. However, we argue that the extent of this type of benchmarking is less likely than an analyst comparing firms within their portfolio. The effects we identify will be understated to the extent that analysts in our control samples also make comparisons across IFRS or GAAP,

5.3 Accounting incomparability and analyst processing costs

Our analysis begins by examining how a change in accounting incomparability results in increased information processing costs by examining analysts' forecasting decisions. We hypothesize that treated analysts experience a greater increase in processing costs relative to control analysts. We use a differences-in-differences design to compare how changes in forecasting decision before and after the passage of the new leasing rule (first difference) differ between treated analysts and control analysts (second difference). This design has several benefits. First, it holds constant time-invariant firm characteristics that may affect analyst forecast behaviors. Second, the effective dates of IFRS 16 and ASC 842 occur in close proximity, with IFRS 16 becoming effective on January 1, 2019, and ASC 842 on December 15, 2018. This alignment in time allows us to use the control sample to hold constant common time trends in the determinants of forecasting behavior around the enactment of the new rules.

5.3.1 Analyst Forecasting Decision

In Table 3, we investigate the specific effect on EBITDA forecasts, the metric most directly affected by the income statement incomparability using the following difference-in-

differences specification. As outlined in section 2, IFRS 16 changed the classification of expenses on the income statement. It likely had little overall effect on bottom line net income. Thus, we conduct a falsification test where the outcome variable is an indicator for the analyst providing an EPS forecast for the quarter. We utilize the following specification:

$$ForecastType_{itj} = \alpha + \beta_2 Treated_j \times Post_{it} + \Gamma Controls_{it} + \varepsilon_{itj} \quad (1)$$

where we sequentially set the outcome variable, *ForecastType*, to indicators if the analyst forecasted *EBITDA* or *EPS* in the forecast.

We control for firm size (natural logarithm of assets, *LnAssets*) to control for the information environment of the firm, which may influence the amount of time it takes analysts to update their beliefs about next-period EBITDA based on currently available information, as well as market-adjusted returns and monthly returns in the prior year. We also control for market-adjusted returns, stock price volatility, *MTB*, the number of industries the analyst follows, the number of firms the analyst follows, and an indicator for the fourth quarter. We perform diagnostics as suggested in Breuer and deHaan (2024) to assess whether sufficient variation remains to identify our treatment effects under different fixed effect structures. These diagnostics confirm that meaningful variation persists with our fixed effect structure of choice (year-quarter and analyst-firm). Accordingly, we report results using year-quarter and analyst-firm fixed effects, which provides several key advantages. First, by examining within analyst-firm variation, we control for all time-invariant characteristics of the analyst-firm relationship, including the analyst's baseline expertise with the firm, industry specialization, and any persistent information advantages. Second, this specification ensures that identification comes from changes in the *same analyst's* behavior *toward the same firm* around the lease standard adoption, rather than from cross-sectional differences between analysts or firms. This approach

isolates the causal effect of the comparability shock by comparing each analyst-firm pair to itself over time. Standard errors are clustered by firm.

We see that treated analysts are less likely to forecast EBITDA; however, the coefficient on *Treated x Post* for EPS is insignificantly different from zero. Thus, the incomparability of EBITDA following the lease standard's adoption affects the provision of EBITDA forecasts, but we do not find evidence that EPS forecasts, which did not have a change in comparability, are significantly affected. The fact that we observe a significant effect only for EBITDA forecast (i.e. the specific metric directly affected by the lease standard change) while finding no effect on EPS forecasts provides evidence that our results are driven specifically by the comparability shock to EBITDA rather than by broader, unrelated changes in analyst behavior around the lease standard adoption.

Note that in our research design, we assume that differences in the calculation of EBITDA prompted by the revised standards will be visible to analysts at the earnings announcement. Prior work supports this assumption, with firms reporting an increasing number of financial statement line items at the earnings announcement in recent years (Beaver, McNichols, and Wang 2020). We further validate this assumption in our sample by manually checking 25 earnings announcement press releases. We find that EBITDA is disclosed or can be calculated in all but one earnings announcement, where depreciation information was not provided.

5.3.2 Cross-sectional versus time-series incomparability

Having found a decrease in comparability decreases the propensity of analysts to continue coverage or provide an EBITDA forecast, we next explore whether changes in cross-section or time-series incomparability drive these findings. Cross-sectional comparability refers to the comparability across IFRS and US GAAP firms within a given forecasting quarter. Time-

series comparability refers to the comparability of the same firm's financial statements across quarters.

In our analysis, we differentiate between cross-section and time-series comparability by exploiting the fact that the classification of expenses related to EBITDA changed only under IFRS 16. For firms reporting under US GAAP, the classification of expenses did not change, as we discuss in more detail in section 2 and illustrate in Figure 1. Therefore, an analyst only following firms reporting under US GAAP experiences no change in the comparability, either cross-sectionally or in the time series. An analyst only following firms reporting under IFRS experiences a decrease in time-series comparability, as the measurement of EBITDA changes, but no change in cross-sectional comparability, as all firms in the analyst's portfolio measure EBITDA the same in any given quarter. Finally, an analyst following firms reporting under both standards. To differentiate cross-sectional and time-series incomparability, we re-estimate equation 1 with modified control groups and present results in Table 4. We continue to define treated analysts as those who follow firms reporting under both IFRS and US GAAP, but change our control sample to alternatively consist of analysts who only follow US GAAP firms, only follow IFRS firms, or compare IFRS-only to GAAP-only analysts directly.

Table 4 gives the results of this analysis. Column (1) compares treated analysts to GAAP-only controls, capturing the combined effect of both types of incomparability. Column (2) compares treated analysts to IFRS-only controls, isolating the cross-sectional incomparability effect since both groups experienced the same time-series change in IFRS firms. Column (3) directly compares IFRS-only to GAAP-only analysts, isolating the time-series incomparability effect.

The results show significant negative coefficients in columns (1) and (2) but an insignificant coefficient in column (3). A formal test confirms no significant difference between the coefficients in columns (1) and (2). The significant effect in column (2) demonstrates that the cross-sectional challenge alone—having to compare IFRS and US GAAP firms with different EBITDA calculations—is sufficient to reduce analyst forecasting. Meanwhile, the result in column (3) shows that the one-time adjustment to new IFRS standards does not meaningfully affect forecasting behavior. This suggests that the persistent, ongoing challenge of comparing firms across different accounting standards, rather than the temporary disruption from adopting new standards, explains analysts' reduced EBITDA forecasting.

Finding that our results are driven by cross-sectional incomparability as opposed to time series incomparability is notable, as the cross-sectional incomparability and the associated increase in information processing costs will likely persist for as long as the two standards require the differing classification of expenses on the income statement. In contrast, time-series incomparability costs are likely primarily borne by investors in the time period the new standard was adopted, with these costs dissipating over time.

5.3.3 Cross-sectional variation by analyst lease exposure

We next explore whether the effect of incomparability on EBITDA forecasting varies with analysts' prior exposure to operating leases. Analysts who routinely cover firms with material operating leases may have developed greater expertise in lease accounting, potentially mitigating the information processing costs associated with the divergent standards. To test this, we partition analysts into terciles based on the share of firms with material operating leases in their coverage portfolio, measured in the pre-adoption period.

Table 5 presents the results. We find that analysts with low and medium lease portfolio exposure exhibit significant decreases in EBITDA forecasting following the adoption of the new standards.

In contrast, analysts with high lease portfolio exposure show no significant change in their EBITDA forecasting behavior. Consistent with our falsification test, we observe no significant effects for EPS forecasts across any exposure tercile.

These results suggest that analysts with greater prior exposure to lease-intensive firms—and thus presumably more expertise in lease accounting—are better equipped to navigate the increased incomparability. The finding that the effect is concentrated among analysts with less lease exposure supports the interpretation that our main results reflect genuine information processing costs rather than a mechanical response to the standard change. It also suggests that familiarity with lease accounting can partially insulate analysts from the adverse effects of cross-regime incomparability.

5.4 Analyst behavior and forecasting outcomes

In this section, we show how the decrease in comparability and associated increase in information processing costs is associated with analyst accuracy. Beyond EBITDA forecasts themselves, we also examine target price forecasts to understand how comparability affects analysts' valuation outputs. Given that EBITDA is commonly used in valuation multiples, decreased EBITDA comparability may affect analysts' ability to translate their forecasts into price targets.

5.4.1 Accuracy and Timing of EBITDA forecast

Our earlier analysis indicates that some analysts reduce their provision of EBITDA forecasts in quarters following the global adoption of the leasing standards. We next examine whether this decreased comparability also affects the *accuracy* of the EBITDA forecasts that are still issued. Specifically, we test whether mixed analysts—those covering both IFRS and U.S. GAAP firms—exhibit greater forecast bias for their GAAP firms relative to GAAP-only analysts. This design isolates cross-sectional spillovers in analysts' information processing rather

than direct effects of the accounting change on the firms themselves. If mixed analysts internalize IFRS 16's capitalization of leases when forming expectations for U.S. GAAP firms, they may overpredict EBITDA, mistakenly anticipating similar upward adjustments that do not occur under ASC 842. We estimate the following specification:

$$EBITDAOverPredict = \alpha + \beta_2 Treated_j \times Post_{it} + \Gamma Controls_{it} + \varepsilon_{itj} \quad (1)$$

Table 6 Panel A presents the results of this analysis. In Column (1), we find evidence that treated analysts systematically overpredict the EBITDA of their GAAP firms relative to control analysts. This pattern suggests that the decline in cross-firm comparability distorted analysts' interpretation of GAAP earnings components rather than simply increasing effort or noise. Column (2) reports the analogous specification estimated on IFRS firms. Unlike our prediction for GAAP firms, we do not have a clear directional hypothesis for how decreased comparability would affect forecast bias for IFRS firms. Mixed analysts covering IFRS firms already must adjust for the IFRS 16 changes, and the direction of any cross-regime spillover is theoretically ambiguous—it is unclear whether exposure to GAAP firms would lead mixed analysts to over- or underpredict EBITDA for their IFRS firms. We include this test for completeness and find no significant effect, suggesting that the overestimation we document is specific to GAAP firms where the mechanism is clearer.

Next, we examine whether decreased comparability affects the *timing* of analyst forecasts. Table 6 Panel B reports results from a hazard model where the dependent variable is the number of days after the earnings announcement that quarter until an analyst revises their forecast. We find that treated analysts take significantly longer to issue EBITDA forecasts (4% longer) following the new leasing standards, consistent with higher information processing costs.

Finally, we investigate whether decreased comparability affects analysts' *valuation judgments*, focusing on target price forecasts, as EBITDA is a common input in valuation multiples. We estimate a modified version of Equation (2) where the dependent variables capture two dimensions of target price behavior: (1) an indicator for whether the analyst issues a target price forecast (*PTG_IND*), and (2) an indicator for whether the firm's actual stock price meets or exceeds the target price within twelve months (*PTG_Below*).

Table 7 presents the results. Columns (1) and (3) show that treated analysts are significantly less likely to issue target price forecasts for both US and IFRS firms following the adoption of the new leasing standards, suggesting reduced willingness to commit to valuation estimates under heightened uncertainty. Column (2) reveals an additional pattern for US firms: conditional on issuing a target price, treated analysts' targets are more likely to be met or exceeded by subsequent market prices. This conservatism is consistent with our earlier finding that mixed analysts exhibit forecast bias specifically for their US GAAP firms—uncertainty about whether they are correctly processing cross-regime information leads to more cautious valuations. We do not find a similar conservatism effect for IFRS firms (Column 4), which is consistent with the bias mechanism being specific to US firms where the "contamination" from IFRS 16 intuitions is most likely to occur.

Taken together, these results suggest that decreased comparability not only affects analysts' earnings forecasts but also propagates to their valuation outputs, leading to more cautious target price behavior consistent with heightened uncertainty and self-protective forecasting.

5.5 Robustness

5.5.1 Persistence of phenomenon

Our earlier analysis suggests that cross-sectional incomparability, rather than time-series incomparability, drives the reduction in EBITDA forecasting among treated analysts. However, our main specification examines 1 year in the post period, making it difficult to assess whether the effect reflects a persistent response to ongoing cross-regime differences or a transitory adjustment to the new standards. To examine if this is a persistent phenomenon, we extend our sample window and estimate year-by-year effects relative to the adoption year.

Table 8 reports the results. We find that the reduction in EBITDA forecasting persists throughout the post-adoption period. The coefficient on $\text{Treated} \times \text{Post}$ is negative and statistically significant in each year from $t+1$ through $t+5$, with magnitudes ranging from -0.010 to -0.020 . This persistence is consistent with our interpretation that the ongoing challenge of comparing EBITDA across reporting regimes—rather than a one-time learning cost—underlies our main findings. We continue to find no significant effects on EPS forecasting in any post-adoption year, consistent with our falsification tests.

5.5.2 Parallel trends

A key identifying assumption in our difference-in-differences design is that treated and control analysts would have followed parallel trends in EBITDA forecasting absent the leasing standard changes. Table 9 provides a direct test of this assumption by including an interaction between Treated and an indicator for the period two years prior to adoption. The coefficient on $\text{Treated} \times \text{Year}_{t-2}$ is small and statistically insignificant for both EBITDA and EPS, supporting the parallel trends assumption.

6. Conclusion

We examine how a decrease in the comparability of reported EBITDA effectuated by the revised leasing standards of IFRS 16 and ASC 842 associates with investor processing costs.

Specifically, we examine the forecasting behavior of analysts who cover firms reporting under both IFRS and US GAAP. These analysts now have firms in their coverage portfolios that vary in how they classify expenses related to EBITDA. For IFRS firms, expenses previously associated with operating leases are now reflected in depreciation and interest expense. In contrast, the income statement for US GAAP firms is unchanged. We contrast the behavior of analysts covering firms reporting under both IFRS and US GAAP to those covering firms all reporting under the same set of accounting standards. This research design allows us to control for changes in balance sheet comparability. It also allows us to differentiate the effects of decreased cross-sectional and time-series comparability.

We find that affected analysts are less likely to forecast EBITDA in particular. We find evidence consistent with these results being driven by the persistent change in cross-sectional comparability across IFRS and US GAAP firms, as opposed to a one-time change in the time-series comparability due to adopting the new standards.

We also find that mixed analysts—those covering both IFRS and U.S. GAAP firms—systematically overpredict the EBITDA of their GAAP firms relative to GAAP-only analysts. This bias is consistent with analysts misapplying the effects of IFRS 16’s lease capitalization to GAAP firms, thereby embedding upward adjustments to EBITDA that never materialize. These results indicate that cross-firm incomparability not only increases forecasting effort but also distorts forecast formation, leading to measurable misestimation even for firms not directly affected by the standard. Turning to valuation outcomes, we find that analysts most affected by decreased comparability also make fewer target price forecasts and that these forecasts are more conservative. Together, these results suggest that decreased comparability raises the cost and

uncertainty of analysts' forecasting activities, leading to both selective forecast withdrawal and biased yet cautious valuation behavior.

Overall, our paper supports the concept that financial statement incomparability can hinder users of financial reports by increasing their information processing costs. We note, however, that we only examine potential costs of comparability. As Sunder (2010) notes, convergence in accounting standards may not be desirable if this leads to less experimentation and innovation in the standard-setting process. Our research setting and design cannot capture such effects, which are likely to manifest over longer time horizons. Future work may help us better understand the potential benefits of incompatibility across accounting regimes, allowing us to weigh potential benefits against the costs we document.

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Appendix A: Variable Definitions

Independent Variables

<i>Treated</i>	An indicator variable equal to 1 if an analyst's portfolio includes both IFRS and US GAAP firms with operating leases, 0 otherwise. Source: I/B/E/S
<i>Post</i>	An indicator variable that takes the value of 1 if a firm-year is under the new lease rule, and 0 otherwise. For firms reporting under IFRS, this variable takes the value of 1 for all fiscal years that start after January 1, 2019. For GAAP firms, this variable takes the value of 1 for all fiscal years that start after December 15, 2018. Data source: Compustat.

Measure of Analyst Processing Cost

<i>EBITDA</i>	An indicator variable that takes on the value of 1 if the analyst releases an EBITDA forecast and 0 otherwise. Missing if the analyst issues no forecasts.
<i>EPS</i>	An indicator variable that takes on the value of 1 if the analyst releases an EPS forecast, conditional on issuing any forecast that quarter (i.e. has_forecast=1), 0 otherwise. Missing if the analyst issues no forecasts.
<i>EBITDA_Overpredict</i>	The unsigned forecast error of an analysts' EBITDA forecast, scaled by price.
<i>PTG</i>	An indicator variable that takes on the value of 1 if the analyst releases a price target that quarter and 0 otherwise.
<i>PTG_Below</i>	An indicator variable that takes on the value of 1 if the actual 12-month closing price is at or above the target price; otherwise 0.
<i>LnDays</i>	The natural log of the number of days it takes an analyst to come out with an updated annual EBITDA forecast for the following year after the most recent earnings announcement.

Control and Cross-Sectional Variables

<i>LnAssets</i>	The natural logarithm of the market value of assets. Data source: Worldscope. Data source: Worldscope, Compustat
<i>Volatility</i>	Stock price volatility over the 12 months prior to the to the date for which the analyst forecasts. Data source: Datastream, CRSP
<i>MTB</i>	Market-to-book ratio. Data source: Worldscope, Compustat
<i>Nindustries</i>	The number of unique industries covered by the analyst. Data source: IBES
<i>Nfirms</i>	The number of firms covered by the analyst. Data source: IBES
<i>Madjreturnsm</i>	Cumulative abnormal returns over the 12 months prior to the date for which the analyst forecasts. Data source: Datastream

Appendix B: Disclosure of D&A and Interest Expenses Related to Right-of-use Asset under IFRS 16

A key implication of IFRS 16 is that expenses previously reported as a single operating lease expense must now be split between depreciation and interest. For analysts attempting to forecast EBITDA for IFRS firms, this creates a practical challenge: they must identify and aggregate these two expense components, which are often disclosed in different locations within the financial statements. This appendix illustrates this challenge by examining the disclosure practices of two IFRS-reporting firms..

Air France KLM SA (EPA: AF)

In its FY 2019 annual report, Air France KLM discloses depreciation expenses associated with right-of-use assets under Note 20 (Right-of-use Assets). However, the corresponding interest expenses are not disclosed alongside the lease liability information in Note 32 (Lease Debt). Instead, analysts must locate interest expenses in a separate note—Note 12 (Net Cost of Financial Debt and Other Financial Income and Expenses)—and determine which portion relates to lease obligations.

20. RIGHT-OF-USE ASSETS

The table below presents the right-of-use assets per category:

<i>In € millions</i>	Aircraft	Maintenance	Land & Real Estate	Others	Total
Net value					
As of January 1, 2018 restated⁽¹⁾	3,792	1,695	473	246	6,206
New contract	27	147	249	34	457
Change in contract	99	69	2	-	170
Disposals	(1)	(5)	-	-	(6)
Reclassification	(3)	132	6	45	180
Amortization	(795)	(343)	(122)	(62)	(1,322)
Others	18	(13)	(23)	(3)	(21)
As of December 31, 2018 restated⁽¹⁾	3,137	1,682	585	260	5,664
New contract	165	120	53	34	372
Change in contract	287	(185)	48	9	159
Disposals	-	-	(19)	(5)	(24)
Reclassification	(8)	354	4	20	370
Amortization	(779)	(396)	(113)	(68)	(1,356)
Others	(4)	-	-	(8)	(12)
As of December 31, 2019	2,798	1,575	558	242	5,173

⁽¹⁾ See note 2. in notes to the consolidated financial statements.

Information related to lease debt is available in note 32.

While information related to lease liabilities is presented under Note 32 (LEASE DEBT), it does not contain information on interest expenses. Instead, interest expenses are disclosed under Note 12 (Net Cost of Financial Debt and Other Financial Income and Expenses).

12. NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

<i>In € millions</i>	2019	2018
Period from January 1 to December 31		restated ⁽¹⁾
Income from marketable securities	2	3
Other financial income	47	36
Financial income	49	39
Interest on financial debt	(132)	(141)
Interest on lease debt	(276)	(293)
Capitalized interests	23	17
Other non-monetary items	(43)	(32)
Other financial expenses	(14)	(16)
Gross cost of financial debt	(442)	(465)
Net cost of financial debt	(393)	(426)
Foreign exchange gains (losses), net	(80)	(224)
Financial instruments and change in fair value of hedged shares	33	55
Net (charge)/release to provisions	(5)	(5)
Undiscounting of provision	(212)	(152)
Other	(7)	(10)
Other financial income and expenses	(271)	(336)
Total	(664)	(762)

⁽¹⁾ See note 2. In notes to the consolidated financial statements.

Korean Air Lines Co Ltd (KRX: 003490)

Korean Air's FY 2020 annual report illustrates a different disclosure approach. Depreciation expenses related to leased assets are reported under Note 15 (Property, Aircraft, and Equipment), requiring analysts to distinguish lease-related depreciation from depreciation on owned assets.

[See next page for image].

15. PROPERTY, AIRCRAFT AND EQUIPMENT:

(1) Changes in property, aircraft and equipment for the years ended December 31, 2020 and 2019, are as follows:

<i>(In millions of Korean won)</i>	2020							Ending balance
	Beginning balance	Acquisition	Disposal	Depreciation	Others ¹	Transfer		
Land	₩ 2,474,380	₩ -	₩ (3,400)	₩ -	₩ (548,271)	₩ -	₩ 1,922,709	
Leased land	25,668	-	-	-	-	-	25,668	
Buildings ²	1,594,692	4,328	(1,058)	(49,018)	(474,355)	817	1,075,406	
Structures ²	90,389	33	-	(8,851)	(22,309)	334	59,596	
Machinery ²	115,604	460	(236)	(10,567)	(8,004)	66	97,323	
Aircraft ³	2,550,731	34,974	(137,218)	(253,123)	(34,909)	25,596	2,186,051	
Engines ³	1,341,469	20,078	(65,801)	(275,412)	(140,037)	100,418	980,715	
Aircraft parts	1,243,148	27,051	(15,852)	(183,944)	81,345	-	1,151,748	
Others ²	226,150	21,216	(7,154)	(57,276)	(8,210)	3,102	177,828	
Construction in progress ⁴	866,986	505,152	-	-	(73,943)	(228,492)	1,069,703	
Right-of-use asset-aircraft	10,501,255	6	-	(1,005,012)	(70,708)	95,411	9,520,952	
Right-of-use asset-others	279,968	41,932	(22,412)	(82,343)	(2,704)	-	214,441	
	<u>₩ 21,310,440</u>	<u>₩ 655,230</u>	<u>₩ (253,131)</u>	<u>₩ (1,925,546)</u>	<u>₩ (1,302,105)</u>	<u>₩ (2,748)</u>	<u>₩ 18,482,140</u>	

The lease footnote (Note 22, Lease Obligations) provides annual interest rates for individual lease obligations but does not disclose the total annual interest expense attributable to leases. Analysts must therefore either calculate this amount themselves or search for it elsewhere in the financial statements.

Figure 1: Numeric Illustration of the Impact of IFRS 16 and ASC 842

This example illustrates an operating lease previously reported as operating lease expense under IAS 17/ASC 840. Under IFRS 16, the operating lease expense is replaced by depreciation of the ROU asset and interest on the lease liability, increasing EBITDA. ASC 842 retains operating-lease expense presentation for operating leases. Parentheses denote expenses. (IASB, 2016)

Income Statement	Pre-Rule-Change	IFRS 16	ASC 842
Revenue	67,272	67,272	67,272
Operating costs (excl. depreciation and amortization)	(60,893)	(58,340)	(60,893)
<i>Attributable to operating lease expense</i>	(2,553)	0	(2,553)
EBITDA	6,379	8,932	6,379
Depreciation and amortization	(3,908)	(5,674)	(3,908)
Operating profit	2,471	3,258	2,471
Net finance costs	(865)	(1,656)	(865)
Profit before tax	1,606	1,602	1,606
Income tax	(285)	(285)	(285)
Profit for the year	1,321	1,317	1,321

Table 1: Sample Selection Criteria

	Total	GAAP	IFRS
Analyst-ticker-quarter	988,844	372,200	616,644
Drop: firms with missing treatment variable	729,858	283,343	446,515
Drop: firms not incorporated in highly liquid countries	539,970	283,151	256,819
Drop: firms with missing controls	539,885	283,099	256,786
Drop: no variation in analyst-firm	528,298	279,814	248,484
Analyst-firm-quarter observations	528,298		
Unique analyst-firms	95,477		
Unique analysts	6,608		
Treated analysts	877		
Control analysts	5,731		

Table 2: Descriptive Statistics

Panel A: Distribution by Country of Origin

This table presents the sample distribution by country of origin.

Country	Freq.	Percent	Cum.
AUS	11,885	2.25	2.25
BEL	2,623	0.5	2.75
CAN	29,457	5.58	8.32
CHE	6,262	1.19	9.51
DEU	22,130	4.19	13.7
DNK	4,286	0.81	14.51
ESP	8,441	1.6	16.11
FIN	5,732	1.08	17.19
FRA	15,254	2.89	20.08
GBR	26,025	4.93	25
HKG	10,647	2.02	27.02
IRL	750	0.14	27.16
ITA	8,839	1.67	28.83
JPN	44,978	8.51	37.35
KOR	22,256	4.21	41.56
NLD	4,295	0.81	42.37
NOR	6,581	1.25	43.62
SGP	6,236	1.18	44.8
SWE	11,858	2.24	47.04
USA	276,832	52.4	99.45
ZAF	2,931	0.55	100

Table 2 (continued)**Panel B: Distribution by Industry**

This table presents the distribution of our sample by industry. Industry is defined using Fama-French 48 industry classification.

Fama French	Description	Freq.	Percent	Fama French	Description	Freq.	Percent
34	Business Services	57,350	10.86	17	Construction Materials	6,959	1.32
48	Other	53,788	10.18	7	Entertainment	6,831	1.29
44	Banking	37,683	7.13	37	Lab Equipment	5,739	1.09
47	Trading	36,214	6.85	22	Electrical Equipment	5,162	0.98
13	Pharmaceutical Products	30,682	5.81	11	Healthcare	4,501	0.85
42	Retail	27,947	5.29	19	Steel	4,340	0.82
30	Oil	23,316	4.41	28	Mines	3,592	0.68
40	Transportation	19,441	3.68	38	Business Supplies	3,452	0.65
32	Communication	17,276	3.27	4	Alcoholic Beverages	3,256	0.62
36	Electronic Equipment	17,189	3.25	33	Personal Services	3,138	0.59
21	Machinery	16,497	3.12	27	Precious Metals	2,759	0.52
45	Insurance	13,500	2.56	15	Rubber	2,468	0.47
12	Medical Equipment	11,310	2.14	24	Aircraft	2,355	0.45
41	Wholesale	11,164	2.11	6	Recreation	2,270	0.43
14	Chemicals	11,090	2.1	8	Printing and Publishing	1,935	0.37
43	Meals	10,030	1.9	39	Shipping Containers	1,506	0.29
35	Computer	9,664	1.83	3	Soda	1,448	0.27
31	Utilities	9,272	1.76	25	Ships	1,077	0.2
2	Food products	8,882	1.68	5	Tobacco Products	958	0.18
18	Construction	8,868	1.68	16	Textiles	859	0.16
9	Consumer Goods	8,544	1.62	29	Coal	756	0.14
23	Autos	7,493	1.42	1	Agriculture	696	0.13
46		7,077	1.34	26	Guns	538	0.1
10	Apparel	6,998	1.32	20	Fabricated Products	428	0.08

Panel C: Summary Statistics of Variables

This table presents descriptive statistics for the variables used in the subsequent empirical analysis using analyst forecasts as the unit of analysis. All variables are defined in Appendix A.

Variable	N	Mean	SD	p10	p25	p50	p75	p90	p99
<i>Treated Analysts</i>									
Post	107602	0.34	0.48	0	0	0	1	1	1
EBITDA	107602	0.68	0.47	0	0	1	1	1	1
LnDays	72674	1.18	1.32	0	0	0.69	1.61	3.64	4.54
OperLease	96280	0.07	13.32	0.01	0.01	0.02	0.03	0.06	0.18
LnAssets	107602	8.09	2.17	5.15	6.62	8.12	9.62	10.82	12.91
Madjreturnsm	107602	0.00	0.40	-0.44	-0.24	-0.03	0.18	0.44	1.52
MonthlyVolatility	107602	0.03	0.01	0.01	0.02	0.02	0.03	0.04	0.07
MTB	107602	3.94	5.53	0.34	1.23	2.56	4.81	9.29	27.04
Nindustries	107602	3.93	2.79	1	2	3	5	8	14
Nfirms	107602	21.04	9.45	11	15	20	25	33	52
<i>Control (GAAP-only analysts)</i>									
Post	190088	0.34	0.47	0	0	0	1	1	1
EBITDA	190088	0.64	0.48	0	0	1	1	1	1
LnDays	120802	1.18	1.27	0	0	0.69	1.61	3.43	4.44
OperLease	175399	0.03	0.23	0.00	0.01	0.01	0.03	0.05	0.16
LnAssets	190088	8.45	1.89	6.03	7.24	8.44	9.68	10.83	13.12
Madjreturnsm	190088	0.01	0.34	-0.37	-0.18	0.00	0.17	0.38	1.19
MonthlyVolatility	190088	0.02	0.01	0.01	0.01	0.02	0.03	0.04	0.06
MTB	190088	3.40	4.99	0.85	1.29	2.24	4.12	7.84	27.04
Nindustries	190088	3.74	2.56	1	2	3	5	8	11
Nfirms	190088	19	7.74	11	15	19	24	29	41
<i>Control (IFRS-only analysts)</i>									
Post	230608	0.33	0.47	0	0	0	1	1	1
EBITDA	230608	0.70	0.46	0	0	1	1	1	1
LnDays	161188	1.96	1.59	0	0.69	1.61	3.53	4.28	4.99
OperLease	160360	0.03	0.28	0.00	0.01	0.02	0.03	0.06	0.21
LnAssets	230608	8.28	2.21	5.43	6.84	8.21	9.63	11.17	13.71
Madjreturnsm	230608	0.02	0.37	-0.35	-0.20	-0.03	0.17	0.41	1.50
MonthlyVolatility	230608	0.02	0.01	0.01	0.02	0.02	0.02	0.03	0.05
MTB	230608	1.72	3.05	0.01	0.02	0.78	2.26	4.43	14.37
Nindustries	230608	4.49	3.10	1	2	4	6	9	16
Nfirms	230608	15.25	9.00	7	10	13	18	25	54

Table 3. Accounting Incomparability and Analyst Forecast Line Items

This table examines how accounting incomparability affects analysts' decisions to forecast specific line items, conditional on their decision to forecast any line items. We estimate Equation (2):

$$Forecast_Type_{itj} = \alpha + \beta_2 Treated_j \times Post_{it} + \Gamma Controls_{it} + \varepsilon_{it}$$

where i denotes firm, t denotes year, and j denotes analyst. We examine two forecast types: an indicator for whether the analyst issues an EBITDA forecast (*EBITDA*) and an EPS forecast (EPS). *Treated* is an indicator variable equal to 1 if the analyst follows both IFRS and US GAAP firms and 0 if the analyst exclusively follows firms under a single reporting standard. *Post* equals 1 for fiscal years under the new lease standards and 0 otherwise. All variables are defined in Appendix A. Standard errors are clustered by firm and reported in brackets. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

VARIABLES	(1) EBITDA	(2) EPS
TreatedXPost	-0.01193*** [0.003]	-0.00171 [0.003]
<i>LnAssets</i>	-0.00160 [0.003]	0.00653** [0.003]
<i>Madjreturnsm</i>	0.00017 [0.002]	0.00112 [0.002]
<i>MonthlyVolatility</i>	0.09073 [0.129]	0.09128 [0.123]
<i>MTB</i>	-0.00015 [0.000]	-0.00002 [0.000]
<i>Nindustries</i>	-0.00204** [0.001]	-0.00060 [0.001]
<i>Nfirms</i>	0.00054** [0.000]	0.00018 [0.000]
<i>Constant</i>	0.68437*** [0.028]	0.82290*** [0.027]
Observations	528,298	528,298
R-squared	0.776	0.409
Fixed Effects	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm

Table 4. Cross-sectional vs. Time-Series Incomparability

This table investigates whether cross-sectional or time-series incomparability drives our main results. We estimate Equation (1) but vary the control group to isolate different types of incomparability effects. In column (1), treated analysts (covering both IFRS and US GAAP firms) are compared to control analysts who exclusively cover US GAAP firms. In column (2), treated analysts are compared to control analysts who exclusively cover IFRS firms. Column (3) compares IFRS-only analysts with GAAP-only analysts. The F-statistic tests whether the coefficients across columns (1) and (2) are significantly different, which would indicate an independent effect of time-series incomparability. Treated is an indicator variable equal to 1 if the analyst follows both IFRS and US GAAP firms. Post equals 1 for fiscal years under the new lease standards and 0 otherwise. All variables are defined in Appendix A. Standard errors are clustered by firm and reported in brackets. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

	Comparing mixed (treated) analysts against GAAP-only analysts	Comparing mixed (treated) analysts against IFRS-only analysts	Comparing IFRS-only analysts against GAAP-only analysts
VARIABLES	(1) EBITDA	(2) EBITDA	(3) EBITDA
<i>TreatedXPost</i>	-0.01058*** [0.003]	-0.01278*** [0.003]	0.00244 [0.003]
<i>LnAssets</i>	-0.00943** [0.004]	0.00058 [0.004]	0.00355 [0.004]
<i>Madjreturnsm</i>	-0.00035 [0.002]	0.00060 [0.002]	0.00054 [0.002]
<i>MonthlyVolatility</i>	0.04175 [0.164]	0.15815 [0.151]	0.05563 [0.156]
<i>MTB</i>	-0.00010 [0.000]	-0.00016 [0.000]	-0.00022 [0.000]
<i>Nindustries</i>	0.00095 [0.001]	-0.00264*** [0.001]	-0.00288*** [0.001]
<i>Nfirms</i>	0.00076** [0.000]	0.00011 [0.000]	0.00069** [0.000]
<i>Constant</i>	0.71047*** [0.034]	0.69737*** [0.034]	0.64199*** [0.033]
Observations	297,434	337,737	420,209
R-squared	0.849	0.724	0.762
F Stat	0.3678		
Fixed Effects	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm

Table 5. Cross-Sectional Variation by Analyst Portfolio Exposure to Operating Leases

This table examines cross-sectional variation in analyst forecast bias following the adoption of the new lease accounting standards. The dependent variables are indicators for whether an analyst has forecasted *EBITDA* or *EPS* in the quarter following an earnings announcement. *LowLeasePort*, *MedLeasePort*, and *HighLeasePort* are indicators for terciles of analysts' lease exposure, based on the share of firms with material operating leases in the analyst's coverage portfolio, measured in the pre-adoption period. *Post* is an indicator equal to one for fiscal periods after the adoption of the new leasing standards and zero otherwise. Control variables include firm size (*LnAssets*), adjusted abnormal returns (*Madjreturnsm*), return volatility (*MonthlyVolatility*), market-to-book ratio (*MTB*), the number of industries and firms covered by the analyst (*NIndustries* and *NFirms*) that year. All variables are defined in Appendix A. Regressions include year-quarter and analyst-firm fixed effects. Standard errors are clustered at the firm level and reported in brackets. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

VARIABLES	(1) EBITDA	(2) EPS
<i>LowLeasePort X Post</i>	-0.01458*** [0.005]	0.00025 [0.004]
<i>MedLeasePort X Post</i>	-0.02154*** [0.005]	0.00223 [0.004]
<i>HighLeasePort X Post</i>	0.00145 [0.005]	-0.00781* [0.004]
<i>LnAssets</i>	-0.00110 [0.003]	0.00704** [0.003]
<i>Madjreturnsm</i>	0.00016 [0.002]	0.00113 [0.002]
<i>MonthlyVolatility</i>	0.08368 [0.132]	0.08748 [0.125]
<i>MTB</i>	-0.00018 [0.000]	-0.00005 [0.000]
<i>Nindustries</i>	-0.00190** [0.001]	-0.00029 [0.001]
<i>Nfirms</i>	0.00047* [0.000]	0.00007 [0.000]
Observations	528,298	528,298
R-squared	0.776	0.409
Fixed Effects	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm

Table 6, Panel A. Accounting Incomparability and Analyst Forecast Properties

This table examines how accounting incomparability affects the properties of analyst forecasts. We estimate Equation (2):

$$EBITDA_{OverPredict} = \alpha + \beta_2 Treated_j \times Post_{it} + \Gamma Controls_{it} + \varepsilon_{it}$$

where *i* denotes firm, *t* denotes year, and *j* denotes analyst. *OverpredictEBITDA* is an indicator equal to 1 if the analyst overpredicts EBITDA compared to its actual estimate. *Treated* is an indicator variable equal to 1 if the analyst follows both IFRS and US GAAP firms and 0 if the analyst exclusively follows firms under a single reporting standard. *Post* equals 1 for fiscal years under the new lease standards and 0 otherwise. Column (1) includes forecasts for only US firms and Column (2) includes forecasts for only IFRS firms. All variables are defined in Appendix A. Standard errors are clustered by firm and reported in brackets. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

	US Firms	IFRS Firms
	(1)	(2)
VARIABLES	Overpredict EBITDA	Overpredict EBITDA
<i>TreatedXPost</i>	0.05370*** [0.016]	-0.01937 [0.021]
<i>LnAssets</i>	0.13853*** [0.023]	0.09007*** [0.023]
<i>Madjreturm</i>	0.01077 [0.014]	-0.02760** [0.012]
<i>MonthlyVolatility</i>	-1.78503* [0.958]	-2.46396** [0.957]
<i>MTB</i>	0.00302** [0.002]	0.00220 [0.003]
<i>Nindustries</i>	-0.00429 [0.004]	-0.00062 [0.003]
<i>Nfirms</i>	0.00083 [0.001]	0.00040 [0.001]
<i>Constant</i>	-0.61704*** [0.193]	-0.16184 [0.189]
Observations	173,667	168,996
R-squared	0.425	0.416
Fixed Effects	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm

Table 6, Panel B. Accounting Incomparability and the Timing of Analyst Forecast Revisions

This table reports results from a hazard model examining how accounting incomparability affects the timing of analysts' forecast revisions. The dependent variable is the number of days until an analyst revises a forecast following the release of new financial information. Hazard ratios below one indicate slower revision. Column (1) reports coefficient estimates from the Cox proportional hazards model, and Column (2) reports the corresponding hazard ratios. *Treated* is an indicator equal to one if the analyst follows both IFRS and U.S. GAAP firms and zero if the analyst exclusively follows firms reporting under a single accounting standard. *Post* is an indicator equal to one for fiscal periods after the adoption of the new lease accounting standards and zero otherwise. All variables are defined in Appendix A. Regressions include year-quarter and analyst–firm fixed effects. Standard errors are clustered at the firm level and reported in brackets. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1)	(2)
	LnDays	
Variables	Coefficient	Hazard Ratio
<i>TreatedXPost</i>	-.0337*** (0.0130)	0.9668*** (0.0107)
<i>LnAssets</i>	0.00425*** (0.00721)	1.0642*** (0.0139)
<i>Madjreturnsm</i>	-0.0333 (0.560)	1.0043 (0.0072)
<i>MonthlyVolatility</i>	-0.000177 (0.000793)	0.9673 (0.5420)
<i>MTB</i>	-0.0224* (0.0128)	0.9998 (0.0008)
<i>Nindustries</i>	0.0890*** (0.0156)	0.9778* (0.0125)
<i>Nfirms</i>	0.0309*** (0.00809)	1.0931*** (0.0170)
Observations	521,195	521,195
Fixed Effects	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm

Table 7: Accounting Incomparability and Target Price

This table examines how accounting incomparability affects analyst target price forecasts. We estimate Equation (1) but substitute the dependent variable for three aspects of target price behavior: (1) an indicator for whether the analyst issues a target price (*PTG*), (2) an indicator for whether the actual 12-month closing price meets or exceeds the target price (*PTGBelow*). *Treated* is an indicator variable taking on the value of 1 if the analyst follows a mix of IFRS and US firms and 0 otherwise (i.e. exclusively follows IFRS or GAAP firms). *Post* is an indicator equal to one for fiscal periods after the adoption of the new lease accounting standards and zero otherwise. All variables are defined in Appendix A. T-statistics based on standard errors clustered by firm are reported in parenthesis under coefficient estimates. ***, **, and * indicate significance level at 1%, 5%, and 10% respectively.

VARIABLES	US firms		IFRS firms	
	(1) PTG	(2) PTGBelow	(3) PTG	(4) PTGBelow
<i>TreatedXPost</i>	-0.00899* [0.005]	0.07654*** [0.015]	-0.01573** [0.008]	-0.00464 [0.019]
<i>LnAssets</i>	-0.00247 [0.007]	-0.08095*** [0.020]	-0.00050 [0.007]	-0.03050 [0.021]
<i>Madjreturnsm</i>	-0.00659 [0.004]	-0.11714*** [0.012]	0.00040 [0.004]	-0.13660*** [0.010]
<i>MonthlyVolatility</i>	-1.44204*** [0.306]	7.33483*** [0.966]	-0.81344*** [0.267]	1.82419** [0.852]
<i>MTB</i>	0.00082* [0.000]	-0.00561*** [0.001]	0.00002 [0.001]	-0.01038*** [0.003]
<i>Nindustries</i>	0.00703*** [0.002]	0.01427*** [0.004]	-0.00047 [0.001]	-0.00136 [0.003]
<i>Nfirms</i>	-0.00108*** [0.000]	0.00069 [0.001]	-0.00036 [0.000]	-0.00071 [0.001]
<i>Constant</i>	0.63236*** [0.058]	0.90313*** [0.170]	0.70642*** [0.061]	0.65344*** [0.181]
Observations	279,814	157,667	248,484	161,709
R-squared	0.390	0.453	0.386	0.465
Control Group	GAAP analysts	GAAP analysts	IFRS analysts	IFRS analysts
Fixed Effects	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm

Table 8: Accounting Incomparability and Longer-term effects

This table examines the longer-horizon effects of accounting incomparability on analysts' decisions to issue forecasts for specific line items, conditional on the analyst issuing at least one forecast for the firm–period. The dependent variable in Column (1) is an indicator equal to one if analyst j issues an EBITDA forecast for firm i in period t , and zero otherwise. The dependent variable in Column (2) is an indicator equal to one if analyst j issues an EPS forecast for firm i in period t , and zero otherwise. The key independent variables are interactions between Treated and a set of event-time indicators, Year ($t + k$), where event time is measured relative to the first fiscal year in which the new lease standard applies. Treated equals one for analysts who follow both IFRS and U.S. GAAP firms (and zero for analysts who exclusively follow firms under a single reporting regime). Coefficients on Treated \times Year ($t + k$) capture differences between treated and control analysts in each event year relative to the omitted event-time category (the fiscal year immediately preceding adoption). All control variables are defined in Appendix A. The specification includes year-quarter fixed effects and analyst–firm fixed effects. Standard errors are clustered by firm and reported in brackets. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

VARIABLES	(1) EBITDA	(2) EPS
<i>Treated X Year t-2</i>	0.00053 [0.002]	0.00068 [0.003]
<i>Treated X Year t+1</i>	-0.00993*** [0.003]	0.00134 [0.003]
<i>Treated X Year t+2</i>	-0.01621*** [0.004]	0.00086 [0.003]
<i>Treated X Year t+3</i>	-0.01026** [0.004]	0.00039 [0.003]
<i>Treated X Year t+4</i>	-0.01703*** [0.004]	0.00145 [0.003]
<i>Treated X Year t+5</i>	-0.01982*** [0.005]	-0.00138 [0.005]
<i>Treated X Year t+6</i>	-0.01555** [0.006]	0.00006 [0.006]
<i>LnAssets</i>	0.00110 [0.002]	0.01019*** [0.002]
<i>Adjreturnsm</i>	-0.00101 [0.001]	0.00026 [0.001]
<i>MonthlyVolatility</i>	0.06139 [0.054]	0.15744*** [0.054]
<i>MTB</i>	-0.00012 [0.000]	-0.00003 [0.000]
<i>Nindustries</i>	-0.00102** [0.000]	-0.00126*** [0.000]

<i>Nfirms</i>	-0.00013 [0.000]	0.00020* [0.000]
<i>Constant</i>	0.67653*** [0.017]	0.80200*** [0.015]
Observations	1,136,050	1,136,050
R-squared	0.755	0.378
Fixed Effects	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm

Table 9. Parallel Trends

This table reports estimates of the effect of accounting incomparability on analysts' decisions to issue forecasts for specific line items, conditional on the analyst issuing at least one forecast for the firm–period. The dependent variable in Column (1) is an indicator equal to one if analyst j issues an EBITDA forecast for firm i in period t , and zero otherwise. The dependent variable in Column (2) is an indicator equal to one if analyst j issues an EPS forecast for firm i in period t , and zero otherwise. The key independent variables are $Treated \times Year_{t-2}$ and $Treated \times Post$. $Treated$ equals one for analysts who follow both IFRS and U.S. GAAP firms (and zero for analysts who exclusively follow firms under a single reporting regime). $Year_{t-2}$ is an indicator for the event-time year two periods prior to adoption, and $Post$ equals one for periods after the adoption of the new lease standards (and zero otherwise). All control variables are defined in Appendix A. The specification includes year-quarter fixed effects and analyst–firm fixed effects. Standard errors are clustered by firm and reported in brackets. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

VARIABLES	(1) EBITDA	(2) EPS
TreatedXYear_{t-2}	0.00081 [0.002]	0.00045 [0.003]
TreatedXPost	-0.01148*** [0.004]	-0.00130 [0.003]
<i>LnAssets</i>	-0.00209 [0.003]	0.00665** [0.003]
<i>Madjreturnsm</i>	0.00063 [0.002]	0.00085 [0.002]
<i>MonthlyVolatility</i>	0.07421 [0.130]	0.10499 [0.123]
<i>MTB</i>	-0.00017 [0.000]	-0.00002 [0.000]
<i>Nindustries</i>	-0.00216*** [0.001]	-0.00073 [0.001]
<i>Nfirms</i>	0.00055** [0.000]	0.00014 [0.000]
<i>Constant</i>	0.68902*** [0.028]	0.82250*** [0.027]
Observations	524,942	524,942
R-squared	0.776	0.410
Fixed Effects	Year-Quarter, Analyst-Firm	Year-Quarter, Analyst-Firm