



Best Practices for Enhancing Earnings Releases



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Earnings releases are the most important stories an investor relations (IR) team tells. An unrivaled opportunity for a company to present its full financial story, an earnings release conveys quarterly results and provides essential context on the company's current activities.

For 60 years, Business Wire has been at the forefront of news creation and consumption. Our news delivery systems have been part of the evolution, from ticker tape to mobile apps. We've seen what works and what misses the mark. We know exactly what kind of information earnings audiences need and the best ways to deliver it.

In this whitepaper, we review current best practices for maximizing the reach, comprehension, and engagement of your earnings releases.



You will learn:

- ➡ Best practices for financial and business content
- ➡ The importance of formatting your earnings releases
- ➡ How social media can play a role in your IR announcements
- ➡ Predictions for the future of earnings releases
- ➡ Methods to simplify your next Earnings Day

Best Practices for Financial and Business Content

Financial Audiences are Visual Audiences

Increase the odds of your news being covered by adding relevant multimedia elements and financial tables. Financial media rely on newswires to push earnings releases directly into their news systems, which are often configured to search for specific line items and tabular data components. Financial tables and multimedia increase transparency and help your audiences quickly understand and process your news.

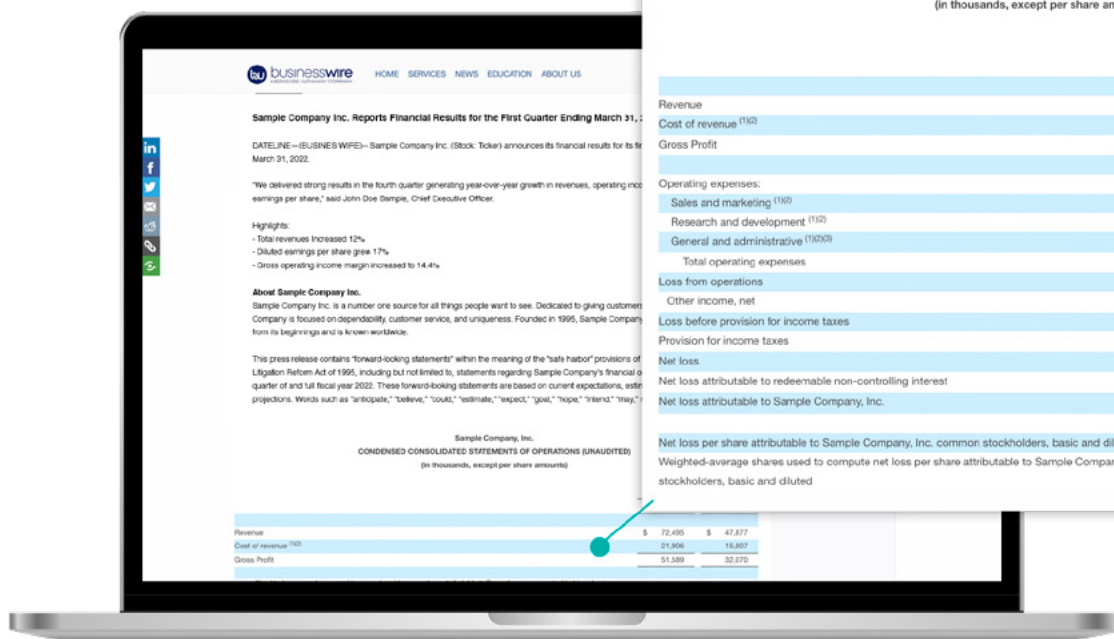
Use the Same Words Your Audience Uses: Word Choice Matters

Incorporating keywords into your release can help with reach. Research keywords that relate to your news and add them throughout the release, but don't force it. Keep your tone and sentence structure natural. Note that traders may leverage keywords such as "outlook," "expect," "target," "auditing," and "revise" to create real-time news alerts.



Financial tables are by far the most important aspect of the earnings news release for analysts, investors, and journalists.

Sample Company, Inc.		
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)		
(in thousands, except per share amounts)		
	Three Months Ended April 30,	
	2022	2021
Revenue	\$ 72,495	\$ 47,877
Cost of revenue ⁽¹⁾⁽²⁾	21,906	15,807
Gross Profit	51,589	32,070
Operating expenses:		
Sales and marketing ⁽¹⁾⁽³⁾	46,044	24,351
Research and development ⁽¹⁾⁽²⁾	21,620	11,797
General and administrative ⁽¹⁾⁽²⁾⁽³⁾	23,574	8,947
Total operating expenses	91,238	45,095
Loss from operations	(39,649)	(13,025)
Other income, net	30	32
Loss before provision for income taxes	(39,619)	(12,993)
Provision for income taxes	14	160
Net loss	(38,633)	(13,153)
Net loss attributable to redeemable non-controlling interest	(364)	(319)
Net loss attributable to Sample Company, Inc.	\$ (39,269)	\$ (12,834)
Net loss per share attributable to Sample Company, Inc. common stockholders, basic and diluted	\$ (0.42)	\$ (0.65)
Weighted-average shares used to compute net loss per share attributable to Sample Company, Inc. common stockholders, basic and diluted	93,250	19,609



Milliseconds Matter: Avoid Click-To-View Tables

Companies that require stakeholders to click to a landing page to view full earnings releases can impact the amount of time reporters, analysts, and investors have to digest the information. This practice can also impact new and evolving automated earnings coverage by large media points. **Provide your release and any supporting documentation and data at one time** to a newswire service to increase distribution and adoption success.



Keep in mind that consistency in reporting allows audiences to track results quarter-by-quarter. Your aim should be to make it as easy as possible for audiences to see your content and act on it.

The More Formatting You Use, the Easier Your Earnings is to Read

Take a moment to think about how fast you read an online article and where your eyes might travel. Keep your earnings release clear, concise, and thorough. Present your results in an easy-to-read manner, formatted with bullets with the quarter's highlights at the top of the press release and the latest numbers in the left-hand column of your earnings tables. **Bullet points and strategic use of bolding help journalists and investors quickly identify primary news elements**, particularly if they are reading on a mobile device.

Reporters Ciara Linnane, Tomi Kilgore and Francine McKenna explain how **truncated earnings reports fail to provide investors with the critical information they need** in an easy-to-access format:

- ➔ A growing number of companies have stopped publishing results in press releases that run on news feeds, forcing reporters to click through multiple links to find the data they need.
- ➔ For a reporter trying to get important news to the public as quickly as possible, this method not only added extra steps but forced them to contend with a website that slowed significantly as multitudes of people clicked the links at the same time. So why not release the news both ways, so the public can get the news quickly and/or visually?



The best earnings releases should include EBITDA and free cash flow calculations, plus enough operational data to bridge year-over-year and sequential results (i.e., delta in pricing, volume, and other factors). Also, I would like to see a full cash flow statement. It's annoying when companies don't give you cash flow from operations and all the cash flow line items in the earnings release and instead make you wait for the 10-Q or 10-K.

- Senior analyst at a multi-strategy hedge fund

I like to have as complete an earnings release as possible. Some companies omit cash flow statements or the balance sheet, which makes doing the quality of earnings assessment difficult. I also like seeing segment data.

- Senior analyst and portfolio manager from a major European investment



Getting Ticker Symbols Right

Believe it or not, having a typo in your ticker symbol is a common mistake. Double and triple check that you've correctly included your company's ticker symbol and stock exchange, and that they are formatted appropriately.

Below are examples of correct and incorrect formatting (using the ticker symbol ABCD as an example):

Example	Incorrect	Correct
NYSE American	NYSE MKT: ABCD	NYSE American: ABCD
OTC Pink OTCQB OTCQX	ABCD.PK ABCD.QB ABCD.QX OTC: ABCD	OTC Pink: ABCD OTCQB: ABCD OTCQX: ABCD
TSX Venture Exchange TSX	TSX-V: ABCD.V Toronto: ABCD	TSX-V: ABCD TSX Venture: ABCD TSX: ABCD

Use Infographics & Imagery to Humanize Your Business and Financials

Business Wire strongly encourages companies to create news releases that are easy for all audiences to consume and share. That means incorporating photos and infographics.

The increased use of infographics in news releases enhances readability and accessibility to the company's financial news.



Make it Easy for Audiences to Come to Your Website with Hyperlinks

Hyperlinks that include analytics tracking codes can measure inbound traffic and provide intelligence on how your readers engage with your website-hosted content like press releases. Hyperlinks are a great tool for triggering your news into action. Consider hyperlinking words or phrases to provide the reader immediate access to supporting information, such as investor relations pages, product-dedicated web pages, multimedia, registration pages and so forth.

Embedding hyperlinks allows analysts, media, and investors to directly navigate to presentations, executive biographies, product pages, and your investor relations page.

Include Earnings Call Information

Provide a direct link to access earnings webcasts so that you can tell your company's story using every possible medium.

Display dial-in information in an easy copy-and-paste format instead of a lengthy paragraph to make it easy for audiences to add to calendars or share with others.



Conference call details are as follows:

Call Date:	Thursday, July 28, 2022
Call Time:	8:30 a.m. ET
Call Dial in:	(555) 555-5555 U.S./Canada (555) 555 5555 International Access Code: 1234567
Online Info:	https://www.samplecompany.com/investor-relations/webcasts/ Live simulcast (listen only) available during the call. Replay available shortly after the conclusion of the call.

An audio replay of the conference call will be available as follows:

Replay Dates:	July 28, 2022 12:30 p.m. ET – August 11, 2022 11:59 p.m. ET
Replay Dial in:	(555) 555-5555 U.S./Canada (555) 555-5555 International Access Code: 1234567

3 Key Elements That Increase Comprehension of Your Earnings Story

1. Details and Imagery: While some reporters are more focused on comparing actual earnings versus estimates, there are also journalists who are interested in business fundamentals and consumer demand. An earnings release should serve both types of journalists. Use images and formatting to ensure ease of comprehension by both audiences.

2. Executive Quotes: Quotes from executives about how the company did in the quarter, the company's strategies, and the state of the market are helpful in explaining your company's quarterly performance. Not every quarter will be the greatest, so keep past statements in mind, and try to be realistic about what you say in the context of those past statements.

3. Company Guidance: If your company provides guidance, include it within the text of the earnings release. Do not wait to say it on the earnings call. Also, if your company changes its guidance, reference the previous numbers in the release as well. Use only GAAP numbers in the headline. If non-GAAP numbers are included, briefly explain why these numbers are useful and what those numbers exclude.

Sample Company Provides Q2 2022 Financial Results and Conference Call Details

Company delivers significant growth in sales, up 68% year-over-year.

1

Period	Sales (k)
PERIOD 1	4.5
PERIOD 2	5.5
PERIOD 3	7.5

July 15, 2015 1:20 PM Eastern Daylight Time

LOS ANGELES, Calif. – (BUSINESS WIRE)—Sample Company (NYSE: SC), a leading manufacturer of products, announced the dates in which the company will issue its latest earnings results. The company's regions will announce results pre-market open and host conference calls to review the information.

2

"This quarter was marked by high performance, showcasing our strength and ability to grow during a challenging time in our industry."

3

"Despite a tough economy, we've continued to expand our operations and produce large quantities of products," said Bob Smith, CFO of Sample Company. Based on sales projections, current market conditions, and Sample Company's anticipated spending, Sample Company predicts it will continue to see increased sales, profit, and expansion in two new regions this winter.

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Financial Highlights for Sample Company

- Net sales of \$8 million, compared to \$5.6 million in 2021
- Gross profit of \$4.6 million, compared to \$2.9 million in 2021
- Net income available to common shareholders of \$456,876

Contacts

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A Note on the Power of Social Media

In 2013, the SEC released guidance on using social media saying, "...companies can use social media outlets like Facebook and Twitter to announce key information in compliance with Regulation Fair Disclosure (Regulation FD) so long as investors have been alerted about which social media will be used to disseminate such information." Since that time, companies have experimented using social media as a sole communications vehicle with mixed reviews.

While social updates featuring earnings information create a flurry of activity, social channel algorithms often cause more problems for the company than they solve because:

- ➔ **Most social channel user timelines are not real-time.** They showcase recent and past news that the social channels have selected based on what they believe is important to a user. This quirk allows some audiences to see and act upon socially shared news before others.
- ➔ **Social channel character limitations force companies to share each piece of their earnings story separately.** Social channel algorithms will assign each social media update a different level of visibility. Social audiences may only see bits and pieces of the story, forcing them to draw their own conclusions based on a single update, not your full set of data.

For organizations looking to build trusted relationships with interested parties, full-text news delivered to all audiences at the same time continues to be best practice.

\$Cashtags

A "cashtag" allows users to click on a company's ticker symbol and see what news is being shared on Twitter about that company. Instead of starting with #, they start with \$.

\$TWTR

\$PEP

\$GOOG

\$AAPL

\$GE

\$SMSI

#Hashtags

Hashtags are most often used today on social media to group and link similar content. This helps readers interested in a specific topic quickly find additional content on that same topic.

#investors

#earnings

#revenue

#investorrelations

#robotics

#data

#startup

What will the earnings release look like several years from now? Will it provide a way for audiences to analyze its content in a manner more in-depth than what we are capable of today? Can one document provide institutional investors and financial reporters access to the content they need, while educating and activating those audiences who may be less financially savvy?

It is likely that **future earnings releases and disclosure documents will be visual and interactive.** For IR professionals, interactive news releases allow them to present the company's financials in a visual manner, providing the reader with immediate access to supporting content.

The visual representation of data, combined with immediate access to supporting content, provides the reader with more information than a traditional earnings release. **Visuals deliver greater transparency and a deeper understanding** of the company's choices and position, ultimately building a stronger relationship with its stakeholders.



Presentation Reimagined

Rather than bullet points, charts, and tables, it is likely that earnings releases and disclosure documents will take the reader inside the numbers, showing readers how the numbers are created. We will see greater transparency in the presentation rather than less.

A Critical Partnership: PR and IR

IR professionals are going to have to join with their PR and marketing colleagues to create earnings releases that are part user experience, part disclosure. The convergence of IR and PR is happening faster than ever. We envision greater usage of infographics, audio/video explanations, and other multimedia to enhance storytelling.

Deliver the Best Message

For some, publishing an earnings release is a "check the box" task. Don't miss an opportunity to reach journalists and influencers who want and need your information because you are only doing what is required. Think bigger and bolder with some of the best practices we highlighted to ensure your company will be perceived as increasingly forward thinking and bolder. Create competitive differentiation by reimagining your press release with multimedia and joining forces with your PR and marketing teams to deliver the best vision of your company.

Simplify Earnings Day

It is likely that the investor relations team at your company handles the earnings release, while the legal or SEC/ external reporting team is responsible for the verbatim Form 8-K that must be furnished to the SEC.

Today, commercial newswires, such as Business Wire, possess the technology to format and distribute both your earnings news release and Form 8-K conveniently and cost-effectively. Because the earnings news release and EDGAR filing are created together, the version-control issues inherent when working with multiple vendors (one vendor for a news release, one vendor for the Form 8-K) disappear with this seamless approach to earnings day.

Business Wire also offers a simplified and efficient solution for the material information disclosure process through an integration with Workiva. Users of the Workiva platform can securely submit press releases to Business Wire from within the platform by a secure file transfer process. This improves efficiency and decreases the potential for errors within the disclosure process.



About Business Wire

Business Wire, a Berkshire Hathaway company, is the global leader in news release distribution and regulatory disclosure. Investor relations, public relations, public policy, and marketing professionals rely on Business Wire for secure and accurate distribution of market-moving news and multimedia.

Founded in 1961, Business Wire is a trusted source for news organizations, journalists, investment professionals, and regulatory authorities, delivering news directly into editorial systems and leading online news sources via its multi-patented NX Network. Business Wire's global newsrooms are available to meet the needs of communications professionals and news media worldwide.

Ensure your story gets heard. If you would like more information on how Business Wire can help your business, please contact us today:



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