

2025 SEC Annual Reporting Workshop – Writing an Effective MD&A

Key takeaways for Session 5

- Purpose of the management discussion and analysis (MD&A) –
 - Discuss most important areas of focus in evaluating financial condition and results of operations as seen through the eyes of management
 - Principles-based disclosure; analysis intended to be forward-looking

- Sections of the MD&A
 - MD&A overview
 - Set the stage for the discussion that follows with an executive-level overview
 - Identify trends and uncertainties that have had or are **reasonably likely** to have a material impact on results of operations (referencing peer disclosures can be helpful to identify potential disclosures)
 - Results of operations
 - Describe material increases and decreases in financial line items from period to period with management’s analysis of each contributing factor (identified and quantified as necessary), and also explain offsetting changes
 - Liquidity and capital resources
 - Be sure to analyze both short-term (in the next 12 months) and long-term (beyond the next 12 months) cash requirements
 - Critical accounting estimates
 - Do not restate financial statement disclosures about significant accounting policies; instead, provide quantitative and qualitative analyses of the estimates that involve a significant level of **estimation uncertainty**

- Non-GAAP (generally accepted accounting principles) financial measures
 - Be aware of Securities and Exchange Commission requirements for non-GAAP disclosures in filings under Item 10(e) of Regulation S-K and reference relevant compliance and disclosure interpretations (C&DIs) when in doubt

- Practice tips
 - Consistency is key – within the 10-K (across business, MD&A and financials), across earnings materials (earnings releases, scripts and decks) and across other public disclosures that have otherwise been made by the company
 - Ensure key constituents within the business are involved in drafting/reviewing