The Effect of Forward-Looking Information Disclosure on Earnings Forecast Accuracy

Authors: Ruan Weifeng, Zhang Shaojun, Zhang Shaojun

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Abstract

Information disclosure by listed companies can provide investors with more forward-looking information and serves as an important source of information for investor decision-making. Securities analysts, as information intermediaries in the capital market, play a crucial role in alleviating information asymmetry. To clarify whether forward-looking information disclosure by listed companies can affect the accuracy of analyst earnings forecasts, this study selects A-share listed companies from 2007 to 2020 as a sample to investigate the impact of forward-looking information disclosure on analyst earnings forecast accuracy. The results show that forward-looking information from listed companies can significantly improve analyst earnings forecast accuracy. Further research finds that for listed companies with low financing constraints, high text readability, high institutional ownership ratios, and high stock price synchronicity, the enhancing effect of forward-looking information disclosure on analyst earnings forecast accuracy is more pronounced. This study enriches the relevant research on analyst earnings forecast accuracy from the perspective of the information content of forward-looking information, and provides policy references for improving the information disclosure system of capital markets under the context of the comprehensive registration-based system.

Full Text

Preamble

Research on the Influence of Forward-Looking Information Disclosure on Earnings Forecast Accuracy

Ruan Weifeng, Zhang Shaojun
(School of Finance, Zhejiang Gongshang University, Hangzhou, Zhejiang 310018)

Authors:
Ruan Weifeng (2002–), male, from Taizhou, Zhejiang, undergraduate student, research direction: corporate finance.
Corresponding author Zhang Shaojun (1977–), female, from Yantai, Shandong, Ph.D., associate professor, master' s supervisor, research field: financial market microstructure.

Contact Address: School of Finance, Zhejiang Gongshang University, Xiasha Higher Education Park, Hangzhou, Zhejiang 310018.
Phone: 15267450681 (M); **Email:** zshaojun@mail.zjgsu.edu.cn

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Abstract

Information disclosure by listed companies provides investors with valuable forward-looking information and serves as a critical source for investment decision-making. Securities analysts, acting as information intermediaries in capital markets, play a vital role in mitigating information asymmetry. To clarify whether forward-looking information disclosure by listed companies affects analyst earnings forecast accuracy, this study examines A-share listed companies from 2007 to 2020. The results demonstrate that forward-looking information significantly improves analyst earnings forecast accuracy. Further analysis reveals that this effect is more pronounced for companies with low financing constraints, high text readability, high institutional ownership ratios, and high stock price synchronicity. This research enriches the literature on analyst forecast accuracy from the perspective of forward-looking information content and offers policy insights for improving capital market disclosure systems under the comprehensive registration-based IPO regime.

Keywords: Forward-Looking Disclosure; Earnings Forecast Quality; Semi-Mandatory Disclosure

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1. Introduction and Literature Review

Capital markets are essentially information markets. Effective information disclosure enhances transparency and reduces information asymmetry between listed companies and external investors, which is crucial for improving corporate governance and promoting healthy capital market development. Under the comprehensive registration-based IPO reform, information disclosure has become the focal point of issuance review. Unlike the approval-based system, where the CSRC established substantive thresholds for issuer compliance, the

registration-based system transfers primary review responsibility to stock exchanges, shifting the emphasis to information disclosure as the "first responsibility of issuers" [?]. This change in review authority and requirements fully embodies the registration system's information disclosure-centric framework, making forward-looking information increasingly valued by market participants. Forward-looking information refers to predictive disclosures about future development strategies, business plans, earnings risks, opportunities, and challenges provided through periodic reports and earnings briefings. It represents the most valuable component of corporate disclosures [?] and serves as an important reference for forecasting future cash flows and assessing investment risks [?].

Existing research on forward-looking information disclosure primarily examines its information content, exploring whether such disclosures can alleviate information asymmetry [?], improve the information environment [?], and investigating economic consequences such as reshaping valuations [?], influencing investor decisions [?], and improving investment efficiency [?]. These studies enrich discussions on the usefulness of forward-looking information, suggesting it provides firm-level "incremental information." However, some scholars question whether forward-looking information truly contains information content, noting that current disclosure requirements constitute "semi-mandatory disclosure," which may lead to "boasting" by listed companies and strategic misrepresentation that distorts information [?]. Therefore, whether forward-looking information genuinely contains information content and provides firm-level incremental information requires further investigation.

Analysts, as capital market information intermediaries, provide earnings forecasts and investment recommendations through their information mining and interpretation advantages [?]. Analyst earnings forecasts unify market opinions and influence market sentiment, representing a key factor in improving the capital market information environment [?]. Existing literature on factors affecting analyst forecast accuracy has focused on investor sentiment [?], market rumors [?], goodwill [?], and audit quality [?], with insufficient attention to how forward-looking information disclosure influences analyst forecast characteristics. This paper examines the impact of forward-looking information disclosure on analyst earnings forecast accuracy from an information content perspective, and further explores the mechanisms through financing constraints, institutional ownership, text readability, and stock price synchronicity to enrich understanding of the economic consequences of forward-looking disclosure and provide evidence from the analyst forecast perspective for promoting high-quality corporate development and improving capital market disclosure systems.

The findings show: (1) Forward-looking information disclosure significantly improves analyst earnings forecast accuracy; (2) The improvement effect is more pronounced for companies with low financing constraints, high institutional ownership, high annual report readability, and high stock price synchronicity. Compared with existing literature, this paper's marginal contributions include: (1) Expanding research on the information content of forward-looking information.

While prior studies have not reached consensus on whether forward-looking information contains incremental information, this paper demonstrates that forward-looking disclosure significantly improves analyst forecast accuracy, providing evidence that such information has information content and can effectively improve the capital market information environment. (2) Enriching research on earnings forecast accuracy determinants. Existing studies have examined heterogeneous factors such as analyst site visits [**?**], annual report tone [**?**], and market conditions [**?**]. This paper selects "financing constraints," "institutional ownership," "annual report readability," and "stock price synchronicity" from the perspectives of corporate characteristics and information acquisition difficulty to test how these factors moderate the relationship between forward-looking information and forecast accuracy, helping to clarify the micro-mechanisms and supplementing relevant literature. (3) Employing a new measure for forward-looking disclosure level. Previous studies used "scoring methods" [**?**] and "word set methods" [**?**, **?**]. This paper adopts the machine learning approach proposed by Hu Nan and Xue Fujing [**?**], training a forward-looking word set from seed words within the context of financial texts, which mitigates the priori bias and subjectivity of traditional methods.

The remainder of this paper is organized as follows: Section 2 presents theoretical analysis and research hypotheses; Section 3 describes research design; Section 4 reports empirical results; Section 5 conducts robustness tests; Section 6 provides further analysis; Section 7 concludes with policy recommendations.

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2. Theoretical Analysis and Research Hypotheses

Forward-looking information refers to predictive disclosures about industry trends, competitors, business plans, development strategies, capital supply and demand, and company risks and challenges, typically conveyed through periodic reports or earnings briefings, and primarily consisting of non-financial information [**?**]. Existing research shows that forward-looking information can predict future performance [**?**], improve the capital market information environment [**?**], enhance pricing efficiency [**?**], and contains information content that releases firm-level incremental information.

Analysts, as capital market information intermediaries, transmit earnings forecasts and investment recommendations to investors to assist their decision-making [**?**]. Due to investors' pursuit of returns, analyst forecast accuracy has become an important metric for evaluating analyst capability [**?**]. For career development purposes, analysts strive to mine and interpret firm-level incremental information from various sources to improve forecast accuracy [**?**]. Can analysts effectively mine and accurately interpret forward-looking information to improve their earnings forecast accuracy? The following elaborates on the mechanism through which forward-looking information affects forecast accuracy from an information content perspective.

Typically, companies with strong performance have strong incentives to disclose forward-looking information that boosts stock prices, helping external investors understand their competitive advantages and development strategies, thereby enhancing confidence in future performance. Forward-looking information, containing firm-level incremental information, meets analysts' information needs for earnings forecasting, providing new insights for understanding company operations and strategies, and helping to timely and accurately revise forecast models and update performance predictions [**?**]. Beyond directly providing public information, forward-looking information also indirectly facilitates non-public information through guiding analyst site visits [**?**] and phone inquiries [**?**]. Therefore, forward-looking information satisfies analysts' demand for incremental information, thereby improving forecast accuracy. Based on this, we propose Hypothesis H1:

H1: Listed companies' forward-looking information disclosure helps improve analyst earnings forecast accuracy.

Financing constraints reflect restrictions companies face when seeking external financing, indicating current operating conditions and predicting future cash flow adequacy. Companies with lower financing constraints have more adequate cash flows in the future and thus more optimistic operating conditions. Since forward-looking information often exhibits strategic misrepresentation such as "reporting good news but not bad news" [**?**], companies with low financing constraints tend to disclose more positive information, making their forward-looking disclosures contain more incremental information and have a more pronounced effect on improving forecast accuracy. Conversely, companies with high financing constraints face potential operational difficulties. To avoid expanding investor pessimism, these companies typically reduce forward-looking disclosures or even mislead investors through false statements [**?**], reducing the incremental information captured by analysts and lowering forecast accuracy. Therefore, companies with lower financing constraints disclose forward-looking information containing more incremental information, which more significantly improves forecast accuracy. Based on this, we propose Hypothesis H2:

H2: The lower a company's financing constraints, the more pronounced the positive effect of forward-looking information disclosure on analyst earnings forecast accuracy.

Institutional investors can participate in corporate decision-making and exercise governance oversight through their substantial shareholdings [**?**], restraining earnings management and negative information concealment [**?**], thereby improving the authenticity and credibility of forward-looking disclosures [**?**]. Additionally, institutional investors typically manage large-scale funds [**?**], and the resulting economies of scale and cost advantages enable them to devote more time and attention to tracking companies and collecting information [**?**]. Consequently, institutional investors usually expect and demand more specific forward-looking information. In summary, institutional investors can improve forward-looking disclosure quality through governance oversight and interven-

tion in disclosure decisions [**?**]. Therefore, companies with higher institutional ownership disclose more accurate, specific, and credible forward-looking information containing richer incremental information, which better improves forecast accuracy. Based on this, we propose Hypothesis H3:

H3: The higher a company's institutional ownership ratio, the more pronounced the positive effect of forward-looking information disclosure on analyst earnings forecast accuracy.

Management may use obscure language in forward-looking disclosures to conceal negative news and embellish performance [**?**, **?**], causing disclosed information to deviate from actual operating conditions [**?**] and reducing the efficiency and accuracy of firm-level incremental information transmission [**?**]. Well-performing companies improve annual report readability to make positive news more accessible to the market, guiding external investors toward stock-price-friendly decisions [**?**]. Higher readability enables more accurate transmission of firm-level incremental information to analysts, potentially improving forecast accuracy. Therefore, for companies with higher annual report readability, forward-looking information contains incremental information that is transmitted more efficiently and accurately, leading to higher analyst forecast accuracy. Based on this, we propose Hypothesis H4:

H4: The higher a company' s annual report readability, the more pronounced the positive effect of forward-looking information disclosure on analyst earnings forecast accuracy.

Stock price synchronicity measures the degree to which individual stocks move with the market and industry, reflecting the information content of stock prices. Higher synchronicity indicates that firm-level incremental information has less impact on stock prices [**?**]. Since analysts typically follow a "macro-industry-individual stock" analysis process, high synchronicity means analysts can predict company operating conditions and stock price trends at lower information costs, yielding more accurate earnings forecasts. Conversely, low synchronicity usually means firm-level incremental information has greater impact on stock prices, requiring analysts to obtain incremental information through more costly methods like site visits and phone inquiries. In summary, for companies with higher stock price synchronicity, analysts face lower difficulty in obtaining incremental information and achieve higher forecast accuracy. Based on this, we propose Hypothesis H5:

H5: The higher a company' s stock price synchronicity, the more pronounced the positive effect of forward-looking information disclosure on analyst earnings forecast accuracy.

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3. Research Design

3.1 Sample Selection and Data Sources

This study selects A-share listed companies from 2007 to 2020 as the research sample, excluding financial industry companies, ST firms, and observations with missing financial data, resulting in 8,646 panel data observations. Forward-looking disclosure level (Forward) data are obtained from the WinGO Financial Text Data Platform, while other data are from the CSMAR database. All main variables are winsorized at the 1% and 99% levels to reduce potential bias from outliers.

3.2 Variable Selection

3.2.1 Dependent Variable: Analyst Earnings Forecast Accuracy (Ferror) Following Zhou Kaiguo [**?**], we measure analyst earnings forecast accuracy using the absolute forecast error ratio: $Ferror = |FEPS - AEPS|/|AEPS|$, where $FEPS$ is the mean of all analysts' EPS forecasts for the company in the year, and $AEPS$ is the actual EPS. A smaller Ferror value indicates higher forecast accuracy.

3.2.2 Core Independent Variable: Forward-Looking Disclosure Level (Forward) The "forward-looking disclosure level" is obtained from WinGo' s "forward-looking" indicator, calculated as the frequency of forward-looking vocabulary divided by total word count in annual reports or MD&A sections. The forward-looking word set is generated through machine learning algorithms from seed words, containing 120 terms such as "plan," "expect," and "future," making it more suitable for financial text contexts.

3.2.3 Key Variables for Heterogeneity Analysis Following Meng Qingbin et al. [**?**] and Liu Huiqin et al. [**?**], we select financing constraints (FinCons), institutional ownership ratio (InsStockRatio), text readability (RptRead/MDARead), and stock price synchronicity (Syn) as grouping variables for heterogeneity analysis from perspectives of corporate characteristics and information acquisition difficulty.

3.2.4 Control Variables Following Lin Le and Xie Deren [**?**], we control for: Size, ROA, Dual, BM, BIG4, Growth, TobinQ, and Turnover. To mitigate potential endogeneity, we also control for year and industry fixed effects. All variables are defined in Table 1 .

Table 1 Variable Definitions

Variable	Definition
Ferror	Analyst earnings forecast accuracy: absolute error between mean analyst EPS forecast and actual EPS divided by actual EPS
Forward	Forward-looking disclosure level: ratio of forward-looking word frequency to total word frequency, including MD&A level (ForwardMDA) and annual report level (ForwardRpt)
RptRead	Annual report readability from WinGo (typically negative; larger values indicate worse readability)
MDARead	MD&A readability from WinGo (typically negative; larger values indicate worse readability)
FinCons	Financing constraints: SA index (larger values indicate greater constraints)
InsStockRatio	Institutional ownership ratio: institutional shares divided by total shares
Syn	Stock price synchronicity: residual from regression of stock returns on market and industry returns (following CSMAR definition)
Size	Natural logarithm of total assets
ROA	Return on assets: net profit divided by total assets
Dual	CEO duality: 1 if chairman and CEO are the same person, 0 otherwise
BM	Book-to-market ratio: book value divided by market value
BIG4	Big 4 auditor: 1 if audited by Big 4 firm, 0 otherwise
Growth	Revenue growth rate
TobinQ	Tobin' s Q: market value divided by replacement cost
Turnover	Turnover ratio: trading volume divided by total shares outstanding

3.3 Model Design

To test the effect of forward-looking disclosure on earnings forecast accuracy, we construct Model (1) following Xue Yuting et al. [**?**], controlling for year and industry fixed effects with industry-level clustering:

$$Ferror_{i,t+1} = \alpha + \beta_1 Forward_{i,t} + \gamma Controls_{i,t} + IndustryFE + YearFE + \epsilon_{i,t}$$

where $Forward_{i,t}$ represents company i's forward-looking disclosure level in year t. To address endogeneity, we use next-period analyst forecast error $Ferror_{i,t+1}$ as the dependent variable.

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4. Empirical Results and Analysis

4.1 Descriptive Statistics

Table 2 presents descriptive statistics. The standard deviation of analyst forecast accuracy (Ferror) is 4.665, greater than its mean of 2.296, ensuring sufficient variation. The mean values of forward-looking disclosure levels (ForwardMDA and ForwardRpt) are 0.816 and 0.613, with standard deviations of 0.288 and 0.154, respectively, indicating adequate cross-sectional variation.

Table 2 Descriptive Statistics

Variable	Mean	Std. Dev.
Ferror	2.296	4.665
ForwardMDA	0.816	0.288
ForwardRpt	0.613	0.154
RptRead	-	-
MDARead	-	-
FinCons	-	-
InsStockRatio	-	-
Syn	-	-
Size	-	-
ROA (%)	-	-
BM	-	-
BIG4	-	-
Growth (%)	-	-
TobinQ	-	-
Turnover	-	-

4.2 Baseline Regression Results

Table 3 reports baseline regression results. Forward-looking disclosure level is significantly negatively correlated with analyst forecast error, confirming that forward-looking disclosure significantly improves forecast accuracy, supporting H1. Columns (1) and (2) show results using MD&A forward-looking disclosure as the independent variable; the coefficient remains significantly negative

with or without control variables, indicating that forward-looking information in MD&A releases firm-level incremental information that analysts can effectively mine and interpret to make more reasonable predictions about future performance, ultimately improving forecast accuracy. Columns (3) and (4) replace the independent variable with annual report forward-looking disclosure level, yielding consistent results. These findings suggest that management' s forward-looking disclosures in annual reports release incremental information, enabling analysts to make more accurate earnings forecasts, supporting Hypothesis 1.

Table 3 Impact of Forward-Looking Disclosure on Analyst Earnings Forecasts

	(1) Ferror	(2) Ferror	(3) Ferror	(4) Ferror
ForwardMDA	-0.4237**	-0.4408**		
	(-2.4151)	(-2.4935)		
ForwardRpt			-1.0216***	-1.0776***
			(-3.1552)	(-3.0805)
Growth		-0.0246		0.0540
		(-0.4948)		(-0.5136)
TobinQ		-0.0200***		-0.0183***
		(-2.9642)		(-2.7208)
Turnover		0.0530*		0.0505*
		(1.7221)		(1.4151)
Constant	2.7013***	3.0494**	2.9827***	2.6376**
	(17.8604)	(2.5526)	(14.5758)	(2.2337)
Observations	8,646	8,646	8,646	8,646
R-squared				
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes

5. Robustness Tests

To address potential endogeneity from self-selection (well-performing firms disclose more information while poorly-performing firms may conceal performance) and analyst coverage bias, we employ instrumental variable methods, lagged independent variables, alternative dependent variables, and additional controls.

5.1 Instrumental Variable Method

We use the mean forward-looking disclosure level across four quarterly reports (ForwardSeason) as an instrument for annual report disclosure (ForwardRpt/ForwardMDA). Since forward-looking disclosure reflects corporate governance quality, quarterly and annual disclosures from the same company should be highly correlated, satisfying relevance. Meanwhile, quarterly

forward-looking information is already incorporated into the market when analysts make year-end forecasts, satisfying exogeneity. Table 4 presents IV results. The F-statistics exceed the threshold of 10, ruling out weak instrument concerns. The corrected coefficients remain significant at 5% and 1% levels with consistent signs, confirming that forward-looking disclosure significantly improves analyst forecast accuracy after controlling for endogeneity.

Table 4 Robustness Test: Instrumental Variable Method

	(1) First Stage	(2) Second Stage	(3) First Stage	(4) Second Stage
ForwardSeason(IV)	0.0246***		0.0123***	
	(4.3477)		(3.3170)	
ForwardRpt		-1.1102**		
		(-2.5023)		
ForwardMDA				-0.454*
				(-1.8740)
Control Variables	Yes	Yes	Yes	Yes
Cragg-Donald Wald F		19.5578		7.4310
Observations	8,646	8,646	8,646	8,646

5.2 Lagged Independent Variables

To address reverse causality, we lag all independent and control variables by one period. Table 5 shows that results remain significant with or without controls, confirming robustness after controlling for simultaneity.

Table 5 Robustness Test: Lagged Independent Variables

	(1) Ferror	(2) Ferror	(3) Ferror	(4) Ferror
L.ForwardMDA	-0.4740***	-0.4656***		
	(-2.8392)	(-2.7665)		
L.ForwardRpt			-0.7148**	-0.8498**
			(-2.3033)	(-2.5427)
Control Variables	No	Yes	No	Yes
Observations	8,646	8,646	8,646	8,646

5.3 Alternative Dependent Variable

The baseline measure $Ferror = |FEPS - AEPS|/|AEPS|$ may be biased. We replace it with $Ferror = |FEPS - AEPS|/|Price|$, where larger values indicate

lower accuracy. Table 6 shows MD&A forward-looking disclosure coefficients are significant at 10% and annual report coefficients at 5%, all negative, consistent with baseline results.

Table 6 Robustness Test: Alternative Dependent Variable

	(1) Ferror	(2) Ferror	(3) Ferror	(4) Ferror
ForwardMDA	-0.0063**	-0.0064**		
	(-2.1155)	(-2.1360)		
ForwardRpt			-0.0101*	-0.0115*
			(-1.8513)	(-1.9384)
Control Variables	No	Yes	No	Yes
Observations	8,646	8,646	8,646	8,646

5.4 Additional Control Variables

To address omitted variable bias, we add leverage, management shareholding, shareholder advances (net other receivables/total assets), cash flow ratio (operating cash flow/total assets), and equity balance (largest shareholder ratio) following Yang Panpan [**?**]. Table 7 shows core coefficients remain consistent with baseline results for both original and alternative accuracy measures.

Table 7 Robustness Test: Additional Control Variables

	(1) Ferror1	(2) Ferror1	(3) Ferror2	(4) Ferror2
ForwardMDA	-0.4546**		-0.0066**	
	(-2.5657)		(-2.1988)	
ForwardRpt		-1.0334***		-0.0105*
		(-2.9059)		(-1.7432)
Additional Controls	Yes	Yes	Yes	Yes
Observations	8,646	8,646	8,646	8,646

6. Further Analysis

As a semi-mandatory disclosure requiring periodic reporting without specifying format or content, forward-looking information gives management considerable discretion, leading to substantial variation across companies in disclosure content and depth. To verify which firm-level factors influence disclosure effectiveness, we examine "financing constraints" and "institutional ownership" to analyze differences in corporate characteristics, and "text readability"and "stock price synchronicity" to analyze differences in analysts' information acquisition difficulty. This helps clarify factors affecting both corporate forward-looking disclosure and analysts' utilization of such information.

6.1 Financing Constraints

High financing constraints may reflect operational difficulties. Distressed firms may reduce disclosures about future prospects to avoid persistent investor pessimism, while low-constraint firms with information advantages are more willing to release predictive information about future operations to enhance market value [**?**]. Strategic misrepresentation in forward-looking disclosures affects forecast accuracy. Following Hadlock and Pierce [**?**], we split the sample by industry-year median SA index (more negative indicates lower constraints). Table 8 shows coefficients are insignificant for high-constraint firms but significant at 10% for low-constraint firms, with significant between-group differences. This supports H2: forward-looking disclosure significantly improves forecast accuracy only for low financing constraint firms.

The rationale is that low-constraint firms face less operational pressure and are more willing to disclose forward-looking information containing more incremental information, which analysts use as a basis for profit forecasts. High-constraint firms have poor information environments and may strategically reduce or misrepresent forward-looking disclosures, resulting in less incremental information and lower forecast accuracy.

Table 8 Heterogeneity Analysis: Financing Constraints

	Low Constraint	High Constraint	Low Constraint	High Constraint
ForwardMDA	-0.4706*	-0.1596		
	(-1.9513)	(-1.6088)		
ForwardRpt			-0.8045*	-0.1873
			(-1.7843)	(-0.9952)
Control Variables	Yes	Yes	Yes	Yes
Observations	4,323	4,323	4,323	4,323

6.2 Institutional Ownership Ratio

Institutional ownership attracts analyst attention [**?**] and improves disclosure credibility and quality through governance oversight [**?**], which means forward-looking information contains more incremental information [**?**] and improves forecast accuracy. We split the sample by annual industry median institutional ownership. Table 9 shows significant coefficients only for high institutional ownership groups, supporting H3.

Institutional investors focus on long-term value [**?**] and use their voting power to release more incremental information, improving disclosure quality [**?**]. Their scale and cost advantages also enable better information interpretation [**?**], making disclosed information more understandable to analysts and improving forecast accuracy.

Table 9 Heterogeneity Analysis: Institutional Ownership

	Low Ownership	High Ownership	Low Ownership	High Ownership
ForwardMDA	-0.4991	-0.7742***		
	(-1.4686)	(-4.0216)		
ForwardRpt			-1.0752***	-0.8045*
			(-2.8548)	(-1.7843)
Control Variables	Yes	Yes	Yes	Yes
Observations	4,323	4,323	4,323	4,323

6.3 Text Readability

Annual report readability directly affects analysts' ability to mine and interpret forward-looking information [**?**]. Higher readability reduces the difficulty of accurately judging operating conditions and forecasting earnings, improving information transmission efficiency and quality [**?**]. We split the sample by annual industry median readability. Table 10 shows significant coefficients only for high readability groups, supporting H4.

Firms facing financial distress or uncertain prospects may use obscure language to conceal conditions and guide market sentiment [**?**], reducing information transmission efficiency and increasing analysts' difficulty in obtaining incremental information. Well-performing firms improve readability to make positive news more accessible, reducing analysts' information acquisition costs and improving forecast accuracy.

Table 10 Heterogeneity Analysis: Text Readability

	High Readability	Low Readability	High Readability	Low Readability
ForwardMDA	-0.4393*	-0.1596		
	(-1.6408)	(-1.7268)		
ForwardRpt			-1.0336**	-0.1873
			(-2.0231)	(-1.3380)
Control Variables	Yes	Yes	Yes	Yes
Observations	4,323	4,323	4,323	4,323

6.4 Stock Price Synchronicity

Stock price synchronicity reflects the proportion of firm-level incremental information in stock prices. Higher synchronicity means stock prices move more with market and industry trends, making macro and industry information more

important for forecasting than firm-specific information, which reduces analysis costs. We use the R-squared from regressing weekly stock returns on market and industry returns as the synchronicity proxy. Table 11 shows significant coefficients only for high synchronicity groups, supporting H5.

Higher synchronicity indicates greater information content in stock prices, reducing information asymmetry [**?**] and improving the information environment. In better information environments, analysts can more easily mine and accurately interpret incremental information in forward-looking disclosures, improving forecast accuracy.

Table 11 Heterogeneity Analysis: Stock Price Synchronicity

	Low Synchronicity	High Synchronicity	Low Synchronicity	High Synchronicity
ForwardMDA	-1.0934	-0.6797***		
	(-1.5330)	(-2.6237)		
ForwardRpt			-1.5517***	-0.5387**
			(-3.0169)	(-2.2029)
Control Variables	Yes	Yes	Yes	Yes
Observations	4,323	4,323	4,323	4,323

7. Conclusions and Recommendations

As a supplement to traditional financial information, forward-looking information transmits firm-level incremental information that serves as an important reference for analyst earnings forecasts. Using A-share listed companies from 2007 to 2020, this study examines the impact of forward-looking information disclosure on analyst forecast accuracy. The results show: (1) Forward-looking information disclosure significantly improves analyst earnings forecast accuracy; (2) The improvement effect is more significant for companies with lower financing constraints and higher institutional ownership; (3) The effect is also more pronounced for companies with higher text readability and stock price synchronicity. These conclusions remain robust after controlling for endogeneity.

This research enriches the literature on analyst forecast accuracy determinants and the economic consequences of forward-looking disclosure, offering new perspectives for corporate disclosure research. For analysts, forward-looking information provides management' s predictions about future operations, enabling them to combine historical data with forward-looking judgments and improve forecast accuracy. For listed companies, disclosing favorable forward-looking information can boost stock prices and prevent negative information accumulation that triggers crashes [**?**]. This study offers implications for regulators, analysts,

and companies: (1) Regulators should establish rules standardizing forward-looking disclosure content and format, and create penalty mechanisms for false statements and market manipulation, ensuring balanced disclosure to avoid misleading investors. (2) Analysts should pay more attention to forward-looking information, actively mine non-public information, and verify disclosure authenticity through phone inquiries and site visits to avoid accuracy reduction from strategic misrepresentation. (3) Companies should improve forward-looking disclosure quality by thoroughly and accurately elaborating management' s judgments on market conditions, industry development, economic environment, and strategies, and explore multiple channels such as analyst visits and earnings briefings for better disclosure.

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Note: Figure translations are in progress. See original paper for figures.