Fig 3: Summary of Variables Used in the Analysis

	Explanatory Variable	Description
1	*asset_growth*	Asset growth (%) between Year T-2 and Year T-1
2	*asset_turnover*	Binary variable = 1 if sales growth (%) > asset growth (%) over the past year, otherwise 0
3	*assets_total*	Total assets
4	*bv_per_share*	Book value per share
5	*debt_assets*	Long term debt / Total assets
6	*debtpy_debt*	Binary variable = 1 if long term debt reported in Year T-1 < long term debt reported in Year T-2, otherwise 0
7	*ebitda*	Earnings before interest, taxes and depreciation (EBITDA)
8	*ebitda_ev*	EBITDA / Enterprise value
9	*ebitda_margin*	EBITDA / Revenue
10	*enterprise_value*	Enterprise value (defined as market capitalization + long term debt)
11	*gprofit_assets*	Gross profit / Total assets
12	*lt_debt_ev*	Long term debt / Enterprise value
13	*lt_debt_total*	Long term debt
14	*marketcap_t*	Market capitalization at the end of March in Year T_0
15	*pb_index*	Deciles of [Price/Book] for each year
16	*price_book*	Price/Book
17	*prior_1yr_return*	Return from the end of March in Year T-1 to the end of March in Year T_0 (including dividends)
18	*profit_index*	Deciles of [Gross profit / Total assets] for each year
19	*pyreturn_below_median*	Binary variable = 1 if the return of a stock in the past year was below the median of all stocks, otherwise 0
20	*pyreturn_index*	Deciles of prior one-year return for each year
21	*revenue*	Revenue (Sales)
22	*sales_growth*	Sales growth (%) between Year T-2 and Year T-1
23	*sharespy_shares*	Binary variable = 1 if there are fewer shares outstanding in Year T-1 vs Year T-2, otherwise 0
24	*size_index*	Deciles of market capitalization for each year
25	*value_index*	Deciles of [EBITDA / Enterprise value] for each year

Outcome Variable: FDP	**Binary variable = 1 for companies that pay down debt over the next year, otherwise 0**