

# Steps towards high-quality implementation on IFRS 18

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# Overview of IFRS 18

## Overall objective

Improve reporting of financial performance

- enhance comparability,
- provide easier access to relevant information,
- permit better understanding of Management-defined Performance Measures (MPMs)

## Effective date



Reporting periods beginning on or after  
**1 January 2027**

Early adoption possible

## Changes to specific statements and notes...



### P&L statement

- New categories
- New defined subtotals



### Cash flow statement

- Starting point changes
- Some options are removed



### New notes

- Specified expenses by nature
- Reconciliation of MPMs

## ... and new principles

PFS: useful structured summary

Primary financial statement	Ref	2027	2026
Item 1	Note 1	xx	xx
Item 2	Note 2	xx	xx
<b>Total</b>		<b>xx</b>	<b>xx</b>

### Notes to financial statements

#### Note 2 : Item 2

For year 2027, the amount of xx includes:

- xx (vs. xx in 2026)
- xx (vs. xx in 2026)
- xx (vs. xx in 2026)

Notes: material information to supplement PFS

Label to faithfully represent characteristics of the item

Cross-references

Principles to aggregate and disaggregate information

# IFRS 18 and digital consumption of data

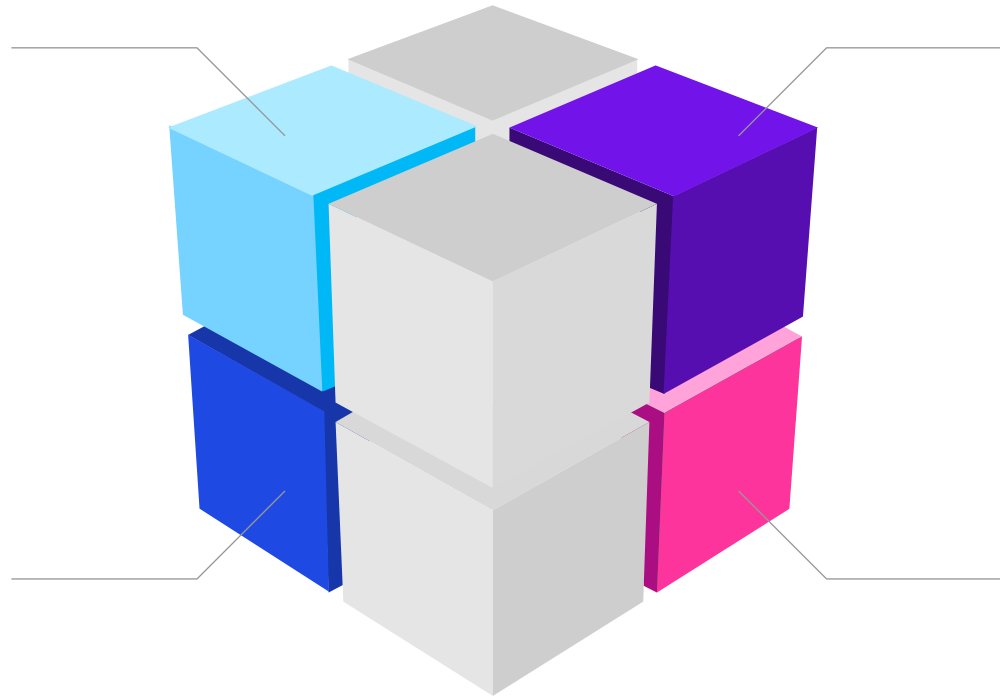
Digital access to data is explicitly taken into account in the basis of conclusions of the standard [BC62-63, BC152, BC191]



More comparable PFS and categorisation => concepts should be easier to understand



More informative labels required and limitation of items labelled as "other" => more informative tags



All mandatory subtotals to be presented even if they are equal => easier tagging



Cross references between PFS and notes => new mechanism in the taxonomy to link PFS and notes

# Substantial changes for P&L tags

Operating	[	Revenue	X
		Operating expenses (presented by nature, function or both as appropriate)	(X)
		<b>Operating profit</b>	<b>X</b>
Investing	[	Income and expenses from equity-accounted investees	X
		Income from other investments	X
		Interest income from cash and cash equivalents	X
		<b>Profit or loss before financing and income tax</b>	<b>X</b>
Financing	[	Interest expense on borrowings and lease liabilities	(X)
		Interest expense on pension liabilities	(X)
		<b>Profit before tax</b>	<b>X</b>
		Income tax	(X)
		<b>Profit for the year</b>	<b>X</b>

New defined subtotals

1 Only tags classified in the correct category can be used in the P&L (with the classification apparent in the element's label)

	Concept	Label
P&L	InterestExpenseFinancing	Interest expense, financing
No P&L	InterestExpenseOnBorrowings	Interest expense on borrowings

2 The implementation guidance should be checked before using a tag in the P&L

No P&L

Do not use this line-item element for the statement of profit or loss. This element is used only to tag information in the notes. If no suitable element is included in the IFRS Accounting Taxonomy, an extension element needs to be created. The label of that extension element should reflect the category of the element in its label.

Selection of tags in the P&L will be substantially changed

# Note on MPM reconciliation

MPMs or management-defined performance measures such as **EBITDA**, **adjusted operating income** etc have to be reconciled to the most directly comparable IFRS subtotal

ESMA\* points out that the **dual-axis dimensional** model in the taxonomy permits to tag the reconciliation (on a voluntary basis)

The reconciliation is illustrated in the taxonomy in a **tabular format**, conveying the adjustment **from** the IFRS measure **to** the MPM, but other presentations are possible

-1 600
ResearchAndDevelopmentExpense
ManagementdefinedPerformanceMeasuresAxis
AdjustedOperatingProfitLossMember
ReconciliationOfManagementdefinedPerformanceMeasureAxis
ImpairmentLossAdjustmentMember

Table A (Reconciliation of operating profit to adjusted operating profit)	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of property, plant and equipment	MPM
Other operating income		-	-	(1,800)	
Research and development expenses		1,600	-	-	
General and administrative expenses		-	3,800	-	
Goodwill impairment loss		4,500	-	-	
<b>Operating profit / Adjusted operating profit</b>	<b>57,000</b>	<b>6,100</b>	<b>3,800</b>	<b>(1,800)</b>	<b>65,100</b>
Income tax expense		-	(589)	297	
Profit attributable to non-controlling interests		305	161	-	

6 100
OperatingProfitLossOperating
ManagementdefinedPerformanceMeasuresAxis
AdjustedOperatingProfitLossMember
ReconciliationOfManagementdefinedPerformanceMeasureAxis
ImpairmentLossAdjustmentMember

65 100
OperatingProfitLossOperating
ManagementdefinedPerformanceMeasuresAxis
AdjustedOperatingProfitLossMember
ReconciliationOfManagementdefinedPerformanceMeasureAxis
ValueOfManagementdefinedPerformanceMeasureMember

\* ESMA Public statement dated 16 February 2026: Reshaping performance: Implementation of IFRS 18 *Presentation and Disclosure in Financial Statements*

# ESEF & IFRS 18: tricky questions ahead

Financing

<b>Profit or loss before financing and income tax</b>	<b>X</b>
Interest expense on borrowings and lease liabilities	(X)
Interest expense on pension liabilities	(X)
<b>Profit before tax</b>	<b>X</b>
Income tax	(X)
<b>Profit for the year</b>	<b>X</b>

How to tag that element?


Not part of European RTS

	Concept	Label	Implementation label	Extract of ref
P&L	InterestExpenseFinancing	Interest expense, financing		IFRS 18.61
P&L	InterestExpenseOnLeaseLiabilities	Interest expense on lease liabilities, financing		IFRS 16.53 b
No P&L	InterestExpenseForFinancialLiabilitiesNotAtFairValueThroughProfitOrLoss	Interest expense for financial liabilities not at fair value through profit or loss	Do not use this line-item element for the statement of profit or loss. This element is used only to tag information in the notes. If no suitable element is included in the IFRS Accounting Taxonomy, an extension element needs to be created. The label of that extension element should reflect the category of the element in its label.	IFRS 7.20 b
No P&L	InterestExpenseOnBorrowings	Interest expense on borrowings		IFRS 18.113 c common practice

# ESEF & IFRS 18: tricky questions ahead

Financing	<b>Profit or loss before financing and income tax</b>	<b>X</b>
	Interest expense on borrowings and lease liabilities	(X)
	Interest expense on pension liabilities	(X)
	<b>Profit before tax</b>	<b>X</b>
	Income tax	(X)
	<b>Profit for the year</b>	<b>X</b>

## 1 Select the line item element


ESEF RTS: select the element with the closest accounting meaning =>  
 *InterestExpenseForFinancialLiabilitiesNotAtFairValueThroughProfitOrLoss?*


According to the implementation label in the IFRS taxonomy, this tag should not be used for the statement of profit or loss

⇒ Use an extension?

*ext:InterestExpenseOnBorrowingsAndLeaseLiabilitiesFinancing*

## 2 If an extension is used => determine the wider anchor

 *InterestExpenseFinancing*, i.e. the element with the closest wider accounting meaning/scope within the financing category

 *InterestExpenseForFinancialLiabilitiesNotAtFairValueThroughProfitOrLoss*, i.e. the element with the closest wider accounting meaning/scope

## 3 If an extension is used => determine the narrow anchor(s)

 *InterestExpenseOnLeaseLiabilities* would be a narrow anchor.

 Should *InterestExpenseOnBorrowings* also be used as a narrow anchor?

Can a P&L element of the financing category combine core taxonomy éléments that are not categorised as financing?

# Block tagging of the notes

- Minimal changes to the list of mandatory block tags in the RTS (only for impacts of changes in the IFRS taxonomy)
- There are new block tags in the 2025 IFRS taxonomy that would be very beneficial for users of financial statements, that are not part of the mandatory list but could be used voluntarily

Note explaining transition from IAS 1 to IFRS 18

DisclosureOfReconciliationBetweenRestatedAmountsPresentedApplyingIFRS18AndAmountsPreviouslyPresentedApplyingIAS1Explanatory

Note for specified nature of expenses

DisclosureOfSpecifiedExpensesByNatureExplanatory

Note for MPMs

DisclosureOfManagementdefinedPerformanceMeasuresExplanatory

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# Changes to the RTS mandatory list

RTS 2024 : 245 blocktags



Disclosure of operating profit (loss)



Disclosure of profit (loss) from operating activities



Disclosure of expenses by nature



Disclosure of finance cost

Disclosure of finance income

Disclosure of finance income (cost)

Description of accounting policy for finance costs

Description of accounting policy for finance income and costs



*Concept*  
*DisclosureOfBasisOfPreparationOfFinancialStatementsExplanatory*



The tag **DisclosureOfChangesInAccountingPoliciesAccountingEstimatesAndErrorsExplanatory** is maintained and its label is changed to **Disclosure of basis of preparation of financial statements**  
Expected content: all IAS 8 disclosures

RTS 2025 (IFRS 18) : 238 blocktags