

AFRAC JUBILÄUMSVERANSTALTUNG INTERNATIONALE RECHNUNGSLEGUNG

OVERVIEW OF THE EFRAG WORKPLAN 2026

27 November 2025

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OVERVIEW

□ REACTIVE ACTIVITIES:

- IFRS 18: Presentation and Disclosure in Financial Statements
- IFRS 19: Subsidiaries without Public Accountability: Disclosures
- IFRS 20: Future Standard on Rate-regulated Activities
- Business combinations – Disclosures, Goodwill and Impairment
- Provisions – Targeted Improvements
- Equity Method proposals
- Financial Instruments with Characteristics of Equity (FICE)
- Risk Mitigation Accounting (DRM)
- Fair Value Option (FVO): Amendment to IAS 28
- Amortised Cost Measurement: Amendment to IFRS 9
- Monitoring: Intangibles project & Statement of Cash Flows and Related Matters project
- PIR IFRS 9 Hedge accounting

□ PROACTIVE ACTIVITIES:

- KPI for SMEs
- Connectivity between FR and SR

WORKPLAN 2026 – REACTIVE

IFRS 18 status and main activities in the next 12 months

IFRS 18

Presentation and Disclosure in Financial Statements:

- EFRAG delivered its positive endorsement advice 5 May 2025, ARC had its positive vote on 15 September 2025 and final endorsement is currently expected in Q1 2026.
- IFRS 18 responds to stakeholders' demand - particularly from users of financial statements - for better information about companies' financial performance, improving how companies communicate information in the financial statements and giving investors a better basis for analysing and comparing companies' performance.
- EFRAG has done its part, but IFRS 18 is still on our radar:
 - FVO in IAS 28 which I will comment on later.
 - Questions to the IFRS Interpretation Committee (e.g. the classification of non-eliminated foreign exchange differences on intercompany loans as either operating or finance results).

IFRS 19

Subsidiaries without Public Accountability: Disclosures:

- IFRS 19 is reducing the reporting burden while ensuring that users do not completely lose crucial information by limiting the scope to subsidiaries without public accountabilities whose parent companies report in full IFRS, thereby information missing in reduced disclosures under IFRS 19 can most likely be found in the parent company's financial statements prepared under full IFRS.
- This is the package of updates caused by amendments In IFRS during the development of IFRS 19.
- EFRAG delivered the DEA (draft endorsement advice) on 29 September 2025.
- Expect FEA (final endorsement advice) in January 2026.

WORKPLAN 2026 – REACTIVE

Main activities in the next 12 months

IFRS 20

Future Standard on Rate-regulated Activities:

- By requiring an entity to recognise on the balance sheet its regulated assets and its regulated liabilities, the upcoming IFRS Standard will allow users to better understand the true financial position of rate-regulated entities, thereby allowing informed investment decisions.
- Furthermore, rate-regulated entities with significant regulated assets will benefit from improved credit rating that reflects their true financial position, leading to more funding in renewable energy infrastructure (e.g. Electricity Transmission System Operators).
- EFRAG expect to conduct endorsement activities in Q2 2026

BC – DGI (Amend. IFRS 3 and IAS 36)

Business combinations – Disclosures, Goodwill and Impairment:

- EFRAG’s comment letter was issued in July 2024. Here EFRAG supported the IASB’s objective to improve the information entities provide to investors about acquisitions made, at a reasonable cost.
- However, EFRAG had key reservations on some of the proposed amendments to IFRS 3 Business Combinations. Regarding the proposed disclosures on performance and quantitative information on expected synergies, we are of the view that this information should not be disclosed in the financial statements but rather in the management report.
- EFRAG was not convinced that the IASB’s proposed amendments IAS 36 Impairment of Assets will change existing practice. Thus, they may fail to meet the IASB’s objective.

WORKPLAN 2026 – REACTIVE

Main activities in the next 12 months

Provisions – Targeted Improvements

Provisions – Targeted Improvements:

- In our comment letter EFRAG welcomed the aims of the proposed amendments to IAS 37 in order to reduce compliance costs, provide more useful information to users of financial statements, and to clarify the requirements. EFRAG, however, questioned whether all of those objectives will be met by the proposals of the ED. EFRAG appreciates the proposed withdrawal of IFRIC 21 but notes that the ED does not (completely) address the concern expressed in relation to IFRIC 21. EFRAG assesses that the proposals clarify the requirements for some types of provisions but create less clear guidance for other types of provisions.

Equity Method (Amend. IAS 28)

Equity Method proposals:

- The IASB's Equity Method proposals are meant to simplify some of the existing application challenges, but EFRAG finds that the proposals for a separate unit of account for increases in the shareholding (of an associate or joint venture), including deemed acquisitions and deemed disposals to be very complex for users to understand and extremely burdensome for preparers to apply, especially when it comes to indirect disposals or acquisitions.

WORKPLAN 2026 – REACTIVE

Main activities in the next 12 months

FICE (Amend. IAS 32 and IFRS 7)

Financial Instruments with Characteristics of Equity (FICE):

- In our April 2024 comment letter EFRAG agreed with and welcomed many of the IASB's clarifications of the IAS 32 issues that arise in practice, particularly on the fixed-for-fixed condition, shareholder's discretion, presentation and transition requirements.
- EFRAG has been following and will closely follow the redeliberations of the IASB.
- EFRAG agrees with the subsequent tentative decision of IASB to defer indefinitely the topic on the effects of relevant laws and regulations.

Risk Mitigation Accounting (DRM)

DRM:

- Provided the IASB gets it right, the expectation is that the future DRM proposals should allow users to better understand risk management strategies applied by banks in managing their portfolio interest rate risk.
- Assuming the model works for banks, it is also expected that the IASB would seek to make necessary changes to ensure the DRM model equally works for portfolio interest rate risk management by insurance companies.
- EFRAG will facilitate the field-testing of the ED proposals and issue a questionnaire to get the view of European banks and insurance entities on the feasibility of the ED proposals.
- During Q1 of 2026 EFRAG will issue a draft comment letter and a final comment letter will be issued by the end of the comment period expected in July 2026.

WORKPLAN 2026 – REACTIVE

Main activities in the next 12 months

IAS 28 FVO

Fair Value Option (FVO): Amendment to IAS 28:

- It is currently unclear what is the scope of the FVO in IAS 28 paragraph 18 and 19 (an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds).
- IFRS 18 will require investments accounted for by the equity method to be presented as part of the investing results.
- European insurance entities are worried that this will lead to a mismatch between the presenting of insurance results and investments results. Having an option to measure Associates and joint ventures at fair value through PL will remove this accounting mismatch by permitting changes in the fair value of associates and joint ventures to be presented in operating results.
- It is critical that IASB is able to deliver the amendment by June 2026 to get it endorsed in time for the application of IFRS 18.

Amortised Cost Measurement (Amend. IFRS 9)

Amortised Cost Measurement: Amendment to IFRS 9

- EFRAG is following the IASB deliberation of issues such as changes to expected cash flows, derecognition versus modification and the interaction of modification and impairment.

WORKPLAN 2026 – REACTIVE

Main activities in the next 12 months

Monitoring

Intangibles project:

- EFRAG will be assisting the IASB to improve information that users should get on many intangible assets that have economic value for the entity, but which are currently neither recognised, nor disclosed.
- EFRAG has held a series of online workshops in November 2025 with users aimed at clarifying key types of intangibles, how they create value, and the information users need.
- The workshops have focused on various themes:
 - focus on software, AI, data resources, algorithms, digital platforms;
 - focus on R&D, patents and unpatented technology;
 - focus on marketing and customer/supplier related intangibles (brands, trademarks, internet domains, customer lists or relationships); and
 - focus on intellectual property (copyrights, broadcast rights and other IP not covered in the other workshops).

Statement of Cash Flows and Related Matters:

- As EFRAG has finalised its research on objectives, usage and issues surrounding the existing guidance in IAS 7 on the Statement of Cash Flows, EFRAG will closely follow the IASB’s project on Statement of Cash Flows and Related Matters.

PIR IFRS 9 Hedge accounting

PIR IFRS 9 Hedge accounting:

- EFRAG has conducted preparatory outreach and will reply to the RFI expected in H1 2026. EFRAG will adjust its efforts based on the outcome of previous PIR’s.

WORKPLAN 2026 – PROACTIVE

Main activities in the next 12 months

KPIs for SMEs

KPI:

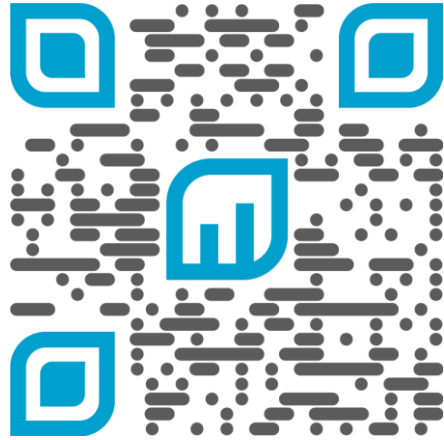
- The European Commission has asked EFRAG to assess the interest in a voluntary template for SMEs, including start-ups, that would include key information of these in the European Single Access Point. The request from the European Commission follows from a request from the Eurogroup to improve the financing for SMEs, particularly start-ups and fast- growing entities.
- EFRAG should submit its assessment, which will first be issued for consultation, by 30 June 2026. If there is an interest in a template from some types of SMEs, the European Commission may ask EFRAG to develop the template.

Connectivity between FR and SR

Connectivity:

- EFRAG expects to finalise this year its research on Connectivity between Financial Reporting and Sustainability Reporting by publishing a Discussion Paper (DP) with a comment period of 6 months.
- The objective of the DP is to contribute to the existing body of knowledge in connectivity and inform standard-setters about possible future actions in corporate reporting,
- 2026 activities will include promotion of the DP, collection of comment letters and preparation of a feedback statement.

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Questions?

Thank you!