Grant Thornton

What you need to know about IFRS 18

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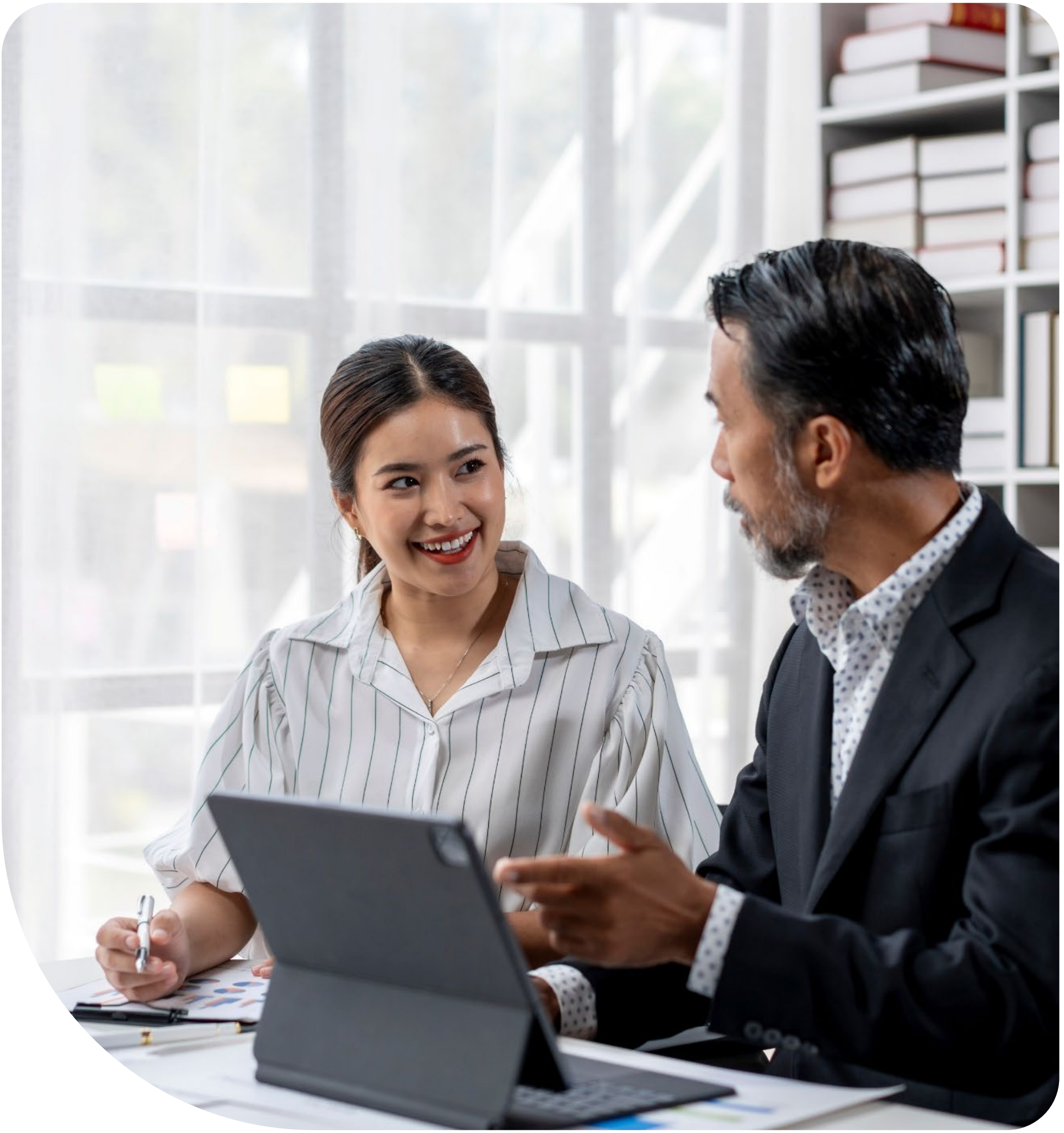

Decoding IFRS 18 – a paradigm shift in financial reporting

Objective

To enhance the usefulness of financial statement information by improving comparability and transparency.

Effective date

Annual reporting periods beginning on or after **January 1, 2027** with retrospective application. Please check adoption dates in your jurisdictions.

Applicability

All companies currently applying **IAS 1** will need to adopt **IFRS 18**. This includes a wide range of entities preparing financial statements under International Financial Reporting Standards. Corresponding standards in Singapore is SFRS (I) 18 and FRS 118.

Four key changes under IFRS 18

Mandatory defined subtotals
Two new subtotals – operating profit and profit before financing & income taxes.

New classification of the income statement
Income and expenses fall into operating, investing, financing, income taxes and discontinued operations – driven by the nature of the underlying asset or liability.

Enhanced disclosure of Management Performance Measures (MPMs)
MPMs must be explained and reconciled to reported figures, addressing concerns about "adjusted" earnings.

Improved disaggregation
More specific guidance on disaggregating income and expenses by nature and function.

Example: A manufacturer that once lumped administrative and selling costs together must now show a clearer breakdown within operating expenses and reconcile any MPM such as "Adjusted EBITDA" back to reported profit.

Changes to the statement of profit or loss

Five income & expense categories

1. **Operating**
   Default category
2. **Investing**
   Associates, JVs, cash equivalents
3. **Financing**
   Liabilities for raising finance
4. **Income taxes**
   Current & deferred tax
5. **Discontinued**
   Discontinued operations

Two new mandatory subtotals

A. **Operating profit or loss**

B. **Profit or loss before financing & income taxes**

Categories and subtotals in the statement of profit or loss

1	**Operating** Income and expenses that do not meet the requirements to be classified in the other categories or that are specifically required to be classified in the operating category
A	**Operating profit or loss**
2	**Investing** Income and expenses from: • investments in associates, joint ventures and unconsolidated subsidiaries • cash and cash equivalents • other assets that generate a return individually and largely independently of the entity's other resources
B	**Profit or loss before financing and income taxes**
3	**Financing** • Income and expenses from liabilities that arise from transactions that involve only the raising of finance • Interest income and expenses and income and expenses arising from changes in interest rates from liabilities that arise from transactions that do not involve only the raising of finance
4	**Income taxes**
5	**Discontinued operations**
	Profit or loss

Two new mandatory subtotals

Required above profit or loss — entities cannot choose to omit them

Subtotal A — Operating profit or loss

- All income and expenses in the operating category
- Includes volatile operating items such as impairment, restructuring and disposal gains
- As the residual category, items cannot be excluded by choice and may differ from existing operating-profit measures

Subtotal B — Profit before financing and income taxes

- Operating profit plus all investing category items
- Similar to EBIT, but not the same — cash interest sits above this line while borrowing interest sits below
- Associates and JV results are captured here, not in Operating

Other considerations

Additional subtotals

Voluntary subtotals such as gross profit remain permitted if meaningful and consistently applied.

Prominence rule

No voluntary subtotal may be displayed more prominently than the two required subtotals.

Where MPMs go

Adjusted measures belong in the notes — they do not replace the required subtotals on the face.

Main business activities and the operating category

A single judgement about what the entity does for a living decides what lands in operating profit

Main business activity is not a segment label — it is a whole-entity judgement that redirects income into operating.

What makes an activity 'main'

- More than one is possible: a manufacturer that also finances its customers, or a group combining manufacturing with engineering services, may have several main business activities.
- For a non-financial services company we expect the various business to be part of main business activity.
- However, to classify income and expenses related to investing or financing into the categories of operating, investing and financing, an entity need only determine whether investing in assets and providing financing to customers are main business activities.
- **Evidence** — subtotals: a gross-profit-like subtotal used to explain performance externally, or to assess and monitor it internally.
- **Evidence** — segments (IFRS 8): a single-activity reportable segment indicates a main activity; an operating segment only if its performance is a key indicator.

Classification outcome

Not a main business activity

Returns on investing assets sit in investing; the cost of raising finance sits in financing. Both fall outside operating profit.

Is a main business activity

The related income and expenses are drawn back into the operating category, even though the underlying asset or liability is unchanged.

Effect on the subtotals

Operating profit widens and profit before financing and income taxes changes shape — the same trading result, presented differently.

Takeaway: Settle the main business activities question first — every classification, subtotal and comparative downstream depends on the answer.

Challenges: standalone entity versus group reporting

The same transaction, assessed twice — once for the entity and again for the consolidated group

One item can sit in operating in a subsidiary's accounts and outside operating in the group's

Standalone entity accounts

- The test is made on that entity alone, so a treasury or property subsidiary may classify interest and rental income in operating.
- Intragroup loans, guarantees and cash-pool deposits are real transactions here and must be classified on their own terms.
- Divisions inside one legal entity share a single assessment — there is no per-division answer.
- Local statutory formats and lender covenants may still reference the old operating profit definition.

Consolidated group accounts

- The assessment is re-made for the group, so a subsidiary's operating item can fall outside operating on consolidation.
- Intragroup income and expense are eliminated first, which can change whether an activity still qualifies as main.
- A manufacturing group with a captive finance arm must decide whether financing customers is main for the group as a whole.
- Comparatives, MPM disclosures and covenant reporting all have to be restated on the group basis.

Takeaway: Run the two assessments separately and tag transactions at source with both classifications, so the entity and group views reconcile without manual re-sorting.

The classification principle

Classification follows the *underlying asset* or *liability* — not the income/expense itself

Investing

Assets generating returns independently

Key examples:

- Equity method results (associates, JVs)
- Dividends from equity investments
- Interest on cash & equivalents
- Gains/losses on investment property

Financing

Liabilities from raising finance

Key examples:

- Interest on bonds & loans payable
- Interest-rate changes on lease liabilities
- Unwinding of discount on provisions
- ⚠ NOT: trade payables interest

Operating

The default residual category

Key examples:

- Revenue from customers
- Cost of goods sold
- Employee benefits expense
- Impairment of PPE or trade receivables
- Restructuring costs

Note: IFRS 18 categories are NOT aligned with IAS 7 cash flow categories. For example, treatment of PPE

Case study: PPE income vs. PPE cash flow

One asset, two different answers – the cash flow is Investing under IAS 7, but the P&L impact is Operating under IFRS 18.

The scenario

- A manufacturer buys a new production line for S$10m (PPE)
- The line generates revenue and incurs depreciation, maintenance and impairment charges each year
- The cash used to acquire the line is an investing cash flow under IAS 7
- Finance teams often assume the P&L impact should also sit in "investing" — a common misclassification

How IFRS 18 classifies it

Depreciation & impairment of the line

Operating – the PPE is used in operations, not held to generate independent returns

Cash flow to acquire the line

Stays Investing under IAS 7 – that classification does not change

The trap

P&L and cash flow classifications are not aligned under IFRS 18 — don't assume they match

Takeaway: IFRS 18 classification follows how the asset is used, not where the cash to buy it sits in the cash flow statement.

The investing category in detail

The investing category includes income and expenses derived from a specifically defined set of assets. These are:

Associates & JVs

Investments accounted for under the equity method, FVTPL, or at cost in separate financial statements

Unconsolidated subsidiaries

Unconsolidated subsidiaries measured via the equity method, at FVTPL (investment entities), or at cost in separate financial statements

Cash & cash equivalents

Per IAS 7, held to meet short-term cash commitments

Other independently-generating assets

Generate returns largely independently — e.g. debt/equity investments and investment properties (plus related rent receivables).

Excludes PP&E, assets from providing goods or services, and customer loans where financing is a main business activity.

Exception 1: Investing in assets as main business

If investing in specified assets is the entity's main business activity → related income/expenses go to operating (not Investing)

Who this applies to

- Investment property companies
- Real estate investment trusts (REITs)
- Private equity funds
- Venture capital entities
- Entities primarily holding equity investments

Example

An investment property company classifies rental income and depreciation in operating — not investing

Assessment rules

- Based on facts & evidence – not merely an assertion by management
- Reassessed each reporting date – changes apply prospectively
- No restatement of prior periods – when circumstances change
- Specified assets must match – investment properties, equities, debt securities, etc.

The financing category in detail

Classification in the financing category

Liabilities from transactions involving only the raising of finance

- Finance received as cash, a settled liability, or own equity instruments — returned later as cash or own shares
- E.g. cash-settled debt, bonds settled via own shares, supplier finance
- All related income and expenses go to financing: interest expense, fair value gains/losses

Liabilities from transactions NOT involving only the raising of finance

- Scope: trade payables, lease liabilities, contract liabilities (IFRS 15), pension liabilities, decommissioning, provisions
- Only interest and interest-rate-change income/expenses go to financing
- All other items (e.g. defined benefit current/past service cost) go to operating

Exceptions – additional guidance applies to:

- Financing provided to customers as a main business activity
- Hybrid contracts with host liabilities and embedded derivatives
- Derivatives and designated hedging instruments
- Investment contracts with participation features (IFRS 9) and insurance contracts (IFRS 17)

Exception 2: Providing financing to customers

Exception for entities that provide financing to customers as a main business activity

Liabilities from transactions involving only the raising of finance	Liabilities from transactions NOT involving only the raising of finance	Scope & assessment
• Related to financing customers (e.g. deposits funding loans): income and expenses → Operating • Not related to financing customers: income and expenses → Operating or Financing (accounting policy choice)	• Interest and interest-rate-movement income/expenses → Financing • All other income and expenses → Operating	• Applies to banks, credit providers and others where financing customers is a main business activity • Assessment must rest on facts and evidence, not assertion — judgement may be needed • IAS 7: cash flow classification must match the P&L classification adopted

Other classification rules

Exceptions to general principles and detailed application guidance

Derivatives & designated hedging instruments

- Used to manage identified risks: same category as the income/expenses being hedged
- Exception (gross-up): if this would gross up gains/losses across categories → Operating
- Not used to manage risks → Financing (if tied to a raising-of-finance transaction), unless financing customers is a main business activity

Hybrid contracts comprising host liabilities and embedded derivatives

- If separated: host follows general liability principles; embedded derivative follows derivative guidance
- If not separated: depends on whether the host is in IFRS 9 or the hybrid is scoped into IFRS 17
- Investment contracts with participation features (IFRS 9) → Operating (excluded from financing)
- Insurance contracts (IFRS 17): insurance finance income and expenses → Operating

Foreign exchange differences

- Same category as the income/expenses of the item that gave rise to them (IAS 21)
- Cannot be split across categories
- Practical relief: if allocation is burdensome, classify all FX differences in Operating

Case study: Same asset, two different categories

Two companies hold the identical investment property – IFRS 18 puts the income in different categories for each.

The scenario

- Company A is a manufacturer that owns a spare office building it rents out for extra income
- Company B is a REIT whose core business is holding and leasing property
- Both recognise rental income and fair value gains on the same type of asset
- Only one of them meets the “main business activity” test in IFRS 18

How IFRS 18 classifies it

Company A (manufacturer)

Investing – the property is incidental to the core manufacturing business

Company B (REIT)

Operating – investing in property is B's main business activity

Assessment basis

Facts & evidence, reassessed every reporting date — not a policy election

Takeaway: “Main business activity” is a facts-and-circumstances test, not a label — identical assets can land in different categories.

Comparison of IAS 1 VS IFRS 18

This case study illustrates changes in the classification of six items of income and expenses for a manufacturer that does not have any specified main business activities.

Statement of profit or loss applying IAS 1		
Revenue	350,000	
Cost of sales	(200,000)	
Gross profit	150,000	
Other operating income	15,000	1
Selling expenses	(30,000)	
General and administrative expenses	(45,000)	2
Research and development expenses	(20,000)	
Share of profit from associates and joint ventures	3,500	3
Other operating expenses	(6,000)	
Operating profit	67,500	
Finance income	500	4
Finance costs	(7,500)	5, 6
Profit before income taxes	60,500	
Income tax expense	(15,500)	
Profit	**45,000**	

	Statement of profit or loss applying IFRS 18[31]		
	Revenue	350,000	Operating
	Cost of sales	(200,000)	Operating
	Gross profit	150,000	Operating
	Other operating income	10,500	Operating
	Selling expenses	(30,000)	Operating
	General and administrative expenses	(44,000)	Operating
	Research and development expenses	(20,000)	Operating
5	Other operating expenses	(7,500)	Operating
	Operating profit	**59,000**	
3	Share of profit from associates and joint ventures	3,500	Investing
1, 4	Other investment income	5,000	Investing
	Profit before financing and income taxes	**67,500**	
6	Income and expenses on borrowings	(6,000)	Financing
2	Interest expense on lease and pension liabilities	(1,000)	Financing
	Profit before income taxes	60,500	
	Income tax expense	(15,500)	
	Profit	**45,000**	

Change in the classification of income and expenses after applying IFRS 18	
1	Fair value gains and rental income from investment properties will be classified in the investing category (included in other operating income before IFRS 18)
2	Net interest expense on net defined benefit liabilities will be classified in the financing category (included in general and administrative expenses before IFRS 18)
3	Income and expenses from associates and joint ventures accounted for using the equity method will be classified in the investing category (included in operating profit before IFRS 18)
4	Interest income on cash and cash equivalents will be classified in the investing category (included in finance income before IFRS 18)
5	Foreign exchange differences arising from trade receivables will be classified in the operating category (included in finance costs before IFRS 18)
6	Foreign exchange differences arising from borrowings will be classified in the financing category (included in finance costs before IFRS 18)

31 The line items illustrate what is included in each category and do not denote line items that any particular company would present. Gross profit and profit before income taxes are presented as additional subtotals because they are necessary for the statement of profit or loss to provide a useful structured summary of income and expenses.

Source: IFRS April 2024 Effects Analysis – IFRS Accounting Standards

Management-defined Performance Measures (MPMs)

IFRS 18 introduces mandatory disclosure requirements for a specific type of Alternative Performance Measure (APM)

An MPM must be *all* of these:

1. **A subtotal of income *and* expenses**
   Both required — not just income or just expenses
2. **Used by the entity publicly**
   Management commentary, press releases, investor presentations. Oral Communication and social media posts specifically excluded
3. **Communicates financial performance**
   Of the entity as a whole
4. **Not already required by an IFRS standard**
   Cannot be an IFRS-required subtotal or total

Specifically *not* MPMs:

- Profit before income taxes
- Operating profit or loss (IFRS 18 subtotal)
- Profit before financing & income taxes (IFRS 18 subtotal)
- Profit from continuing operations
- Gross profit or loss
- Net rental income / Net interest income

Rebuttable presumption:
Any subtotal used in public communications is assumed to be an MPM until proven otherwise

Implication: Entities must review *all* public communications for inadvertent MPMs before adoption.

MPM: Required disclosures

All MPM disclosures must appear in a SINGLE NOTE to the financial statements

Description
What aspect of financial performance the MPM communicates and why it is useful

Calculation
How the MPM is calculated

Reconciliation
To the most directly comparable IFRS subtotal or total

Tax effect
Income tax effect of each reconciling item, with explanation

NCI effect
Effect on non-controlling interests for each reconciling item

Further reconciliation
If reconciled to a non-presented total: further link to closest presented total

Required in *both* annual and interim financial statements
MPMs subject to audit and will result in higher scrutiny

MPM example: Reconciliation table

Example from IASB illustrative examples: Reconciliation of “Adjusted operating profit” MPM

The table reconciles:

- Adjusted operating profit (MPM) → Operating profit or loss (IFRS 18 subtotal)
- Adjustments: impairment losses, restructuring expenses, gains on disposal of JVs
- Tax effect and NCI effect shown for each adjusting item

Required: All disclosures in one note, consistently across comparative periods

Management-Defined Performance Measures (MPMs)

The Group reports two MPMs in its public communications: **adjusted operating profit** and **adjusted profit from continuing operations**. These measures are not defined in IFRS Accounting Standards and therefore may differ from similar measures reported by other entities.

1 To reflect management’s view of the Group’s financial performance, operating profit and profit from continuing operations are adjusted for income and expense items that are not expected to recur over several future reporting periods. Management believes these adjustments provide useful insight into trends in the Group’s underlying profitability.

2 Items that would be adjusted on this basis would include:

- Impairment losses (or reversals) on property, plant and equipment (including right-of-use assets) and intangible assets (see Note X)
- Restructuring costs (see Note X)
- Non-recurring litigation costs (see Note X) – Litigation costs are assessed on a case-by-case basis – typically, litigation relating to intellectual property disputes, regulatory breaches, or employee claims is classified as non-recurring, on the basis the Group takes proactive measures aimed at preventing such events (there were no such costs classified as non-recurring in the current year)
- Gains or losses on disposal of property, plant and equipment and intangible assets (see Note X)
- Gains or losses on disposal of subsidiaries, associates, and joint ventures (see Note X)

Reconciliation of MPMs to IFRS total or subtotal:

Management-defined performance measures 20XX (in thousands of CU)

		Adjustments:				
	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of associates and joint ventures	Gains on disposal of PPE	**MPM**
Other operating income		–	–	–	(X)	
Research and development expenses		X	–	–	–	
General and administrative expenses		X	X	–	–	
Goodwill impairment loss		X	–	–	–	
Operating profit/Adjusted operating profit	**X**	**X**	**X**	–	**(X)**	**X**
Share of profit and gains on disposal of associates and joint ventures		–	–	(X)		
Income tax expense		–	X	X	X	
Profit from continuing operations/ Adjusted profit from continuing operations	**X**	**X**	**X**	**(X)**	**(X)**	**X**
Profit attributable to non-controlling interests		X	–	–	X	

4 **Determination of income tax effect:**

Impairment losses	Impairment losses recorded in 20XX did not result in any tax benefits, as these losses were not deductible under Country A’s tax regulations.
Restructuring expenses	Restructuring costs incurred in 20XX relate to XXX (see Note X). These include redundancy payments for employees in the XXX business unit in Country B. The tax impact of these costs is calculated using the statutory tax rate applicable in Country B as at [year-end 20XX], which was X%.
Gains on disposal of associates and joint ventures	The tax impact of gains from the disposal of associates and joint ventures is determined using the statutory tax rate applicable in Country C as at [year-end 20XX], which was X%.
Gains on disposal of property, plant and equipment	The tax impact of gains from the disposal of PPE is determined using the statutory tax rate applicable in Country D as at [year-end 20XX], which was X%.

Case study: When “Adjusted EBITDA” becomes an MPM

A subtotal used in a single investor slide can trigger a full note disclosure under IFRS 18.

The scenario

- A client's CFO has used “Adjusted EBITDA” in earnings calls and investor decks for years
- It excludes restructuring costs, share-based payments and one-off impairments
- It has never been formally defined or reconciled in the financial statements
- Under IAS 1 this created no disclosure obligation at all

How IFRS 18 classifies it

Is it an MPM?

Yes, the rebuttable presumption catches any subtotal used in public communications

What's now required

Description, calculation, reconciliation to Operating profit, tax effect and NCI effect – one note

Action needed

Review every investor deck, press release and earnings call transcript before adoption

Takeaway: The rebuttable presumption means silence is not a defence — entities must proactively identify and document every MPM in use.

Aggregation & disaggregation

IFRS 18 replaces IAS 1's limited guidance with structured, principle-based rules for grouping information — applied across every primary statement and the notes.

Under IAS 1

Limited guidance on grouping. Items were often collapsed into large, vague totals such as "other expenses" — obscuring information and reducing comparability.

Under IFRS 18

Explicit, principle-based rules for aggregation and disaggregation, with clearer labels — applied to every primary statement and the notes, not just profit or loss.

The new principles under IFRS 18

Structured summaries

- Primary statements give a useful structured summary; the notes add material detail.
- Items immaterial to the face of a statement may still be material in the notes.

Aggregate when...

- Items share characteristics — nature, function, measurement, geography or size.
- Label precisely and avoid vague "other" catch-alls.

Disaggregate when...

- Characteristics differ and the resulting information is material.
- Even one dissimilar characteristic — e.g. amortised cost vs FVTPL — can trigger a split.

Operating expenses: Presentation & disclosure

Entities choose *one* basis of presentation — or a mix, but *not* arbitrarily

By nature

- Raw materials, employee costs, depreciation, etc.
- No nature note required
- Each line item *only* by nature — no mixing with function

By function

- Cost of sales, distribution, admin, etc.
- Must separately present cost of sales
- Must disclose qualitative nature description within each function

When presenting by function: 5 nature disclosures required in a SINGLE NOTE

- Depreciation
- Amortisation
- Employee benefits
- Impairment losses & reversals
- Inventory write-downs & reversals

Required under IAS 1 (Depreciation, Amortisation, Employee benefits)

New requirements under IFRS 18 (Impairment losses & reversals, Inventory write-downs & reversals)

Consequential amendments

1

IAS 7: Statement of cash flows

- **Operating profit: mandatory starting point –** *Required for the indirect method reconciliation*
- **Dividends paid –** *Always classified as Financing*
- **Interest paid –** *Financing for standard entities; main-business-activity entities follow their P&L classification*
- **Interest & dividends received –** *Investing, unless the main-business-activity exception applies*

2

IAS 33: Earnings per share

- **Additional EPS permitted –** *using IFRS 18 subtotals or MPMs as the numerator*
- **Equal prominence required –** *Basic and diluted EPS shown with equal prominence*
- **Disclosed in notes only –** *Not permitted on the face of the primary statements*
- **If numerator is an MPM –** *All MPM disclosure requirements also apply*

3

IAS 34: Interim financial reporting

- **Condensed interim P&L –** *Must present IFRS 18 headings and subtotals*
- **MPM disclosures –** *Required in interim statements too, not just annual*
- **Aggregation/disaggregation –** *Same principles apply to condensed statements*

4

IAS 8 & IFRS 7: Relocations from IAS 1

- **IAS 8 retitled –** *Now "Basis of Preparation of Financial Statements"*
- **Relocated from IAS 1 –** *Fair presentation, going concern, accrual basis, accounting policies — moved unamended*
- **IFRS 7 addition –** *New disclosures on puttable instruments classified as equity*

All amendments apply simultaneously with IFRS 18, from the same effective date

Two more standards change in step with IFRS 18: interim reporting and disclosure relocations

Challenges on transition to IFRS 18

Mandatory from 1 January 2027 – systems must capture comparative data from 1 January 2026

Systems & processes

- New GL accounts may be required
- Transaction-level data needed for classification
- Records from 1 Jan 2026 (comparative year)
- Some entities may need entirely new reporting systems
- IAS 7 cash flow classification also requires updates

Financial reporting

- Retrospective restatement of comparatives
- Interim statements: IFRS 18 headings & subtotals
- P&L reconciliation: IAS 1 → IFRS 18 line items
- MPM disclosures in both annual & interim
- Equity method election reassessment (IAS 28)

Contracts & governance

- Review covenants & debt terms tied to profit metrics
- Review remuneration policies linked to performance
- Communicate changes to investors & analysts
- Avoid inadvertent creation of new MPMs
- Monitor accounting policy choices for consistency

Now
Gap analysis & system assessment

2026
Systems live for comparative data

1 Jan 2027
Mandatory adoption date

First IFRS 18 statements
First full IFRS 18 compliant annual report

Summary: Key actions for your clients

1. **Assess classification impact**
   Map current P&L line items to new IFRS 18 categories. Identify items that will move.

2. **Identify MPMs**
   Review *all* public communications. Document any subtotals used outside financial statements.

3. **Upgrade systems**
   Systems must capture transaction-level classification from 1 Jan 2026 for comparative data.

4. **Review contracts & KPIs**
   Check debt covenants, remuneration policies and investor metrics linked to profit measures.

5. **Plan stakeholder communications**
   Brief analysts, investors and boards on impact. Avoid inadvertent MPM creation.

Mandatory from 1 January 2027 (retrospective) – Action required *now* for 1 January 2026 comparative data

Quiz

Quiz

Question 1: Which subtotals are mandatory in the statement of profit or loss?

A. Operating profit and profit before financing and income taxes

B. Gross profit and operating profit

C. EBITDA and operating profit

D. Only profit or loss for the period is required

Answer: A – Operating profit and profit before financing and income taxes

Quiz

Question 2: In which category is interest income on cash and cash equivalents classified?

A. Operating, because it is part of day-to-day treasury

B. Investing, unless investing in assets is a main business activity

C. Financing, because it relates to funding

D. It may be presented in any category, at the entity's choice

Answer: B – Investing, unless investing in assets is a main business activity

Quiz

Question 3: How are foreign exchange (FX) gains and losses classified in the statement of profit or loss?

A. Always in the operating category

B. Always in the financing category

C. In the same category as the income or expenses of the item that gave rise to them

D. Split proportionately across all relevant categories

E. All in operating, where allocating them would be burdensome

Answer: C – In the same category as the income or expenses of the item that gave rise to them

Quiz

Question 4: Which of the following would be a management-defined performance measure (MPM) requiring disclosure? (select all that apply)

A. Adjusted EBITDA

B. Adjusted or underlying profit excluding one-off items

C. Free cash flow

D. Constant-currency or organic revenue growth

E. A subtotal already specified by the accounting standards

Answer: A and B – publicly communicated subtotals of income and expenses that reflect management's view of performance

Reach out if you have any questions

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