
IASB[®] meeting

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| Date | December 2025 |
| Project | Business Combinations—Disclosures, Goodwill and Impairment |
| Topic | Exemption—which items of information |
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Purpose and structure

1. As Agenda Paper 18 explains, this paper analyses feedback on which items of information the proposed exemption from some disclosure requirements in the Exposure Draft [*Business Combinations—Disclosures, Goodwill and Impairment*](#) (Exposure Draft) should apply to and some related clarification requests.
2. This paper is structured as follows:
 - (a) background (paragraphs 4–8);
 - (b) which items of information (paragraphs 9–23);
 - (c) related clarification requests (paragraphs 24–25);
 - (d) summary of staff initial views and next steps (paragraphs 26–28);
 - (e) question for the IASB; and
 - (f) Appendix A—Excerpts from Agenda Papers [18A](#) and [18B](#) for the IASB's June 2025 meeting.
3. This paper does not ask the IASB for any decisions. Although we do not plan to analyse further or consult on any aspects of this paper, we are not asking the IASB for any decisions because of the strong interdependencies with other aspects of the

proposals for performance information. For more details, see paragraphs 7–14 of [Agenda Paper 18G](#) of the IASB’s January 2025 meeting.

Background and summary of feedback

4. The [Exposure Draft](#) included proposals to amend IFRS 3 *Business Combinations* disclosures:
 - (a) to require disclosure of performance and expected synergy information; and
 - (b) to add, amend and remove other disclosure requirements.
5. To address concerns raised by stakeholders, especially preparers, about commercial sensitivity of some disclosures and some aspects of litigation risk that might arise from disclosing some of the information, the [Exposure Draft](#) included a proposed exemption. An entity would be exempted from disclosing some of the information referred to in paragraph 4(a) if disclosure of that information can be expected to prejudice seriously the achievement of any of the entity’s acquisition-date key objectives for a business combination.
6. As paragraphs BC86–BC89 of the [Basis for Conclusions](#) note:

BC86 Research by the IASB (see paragraph BC76) indicates that not all the items of information that would be required when applying the proposals in this Exposure Draft would be so commercially sensitive that it should not be required in financial statements.

BC87 The IASB has therefore proposed to permit the application of the exemption only to the disclosure of:

 - (a) the acquisition-date key objectives and the related targets for a business combination;

(b) a qualitative statement of whether actual performance is meeting or has met the objectives and targets for a business combination; and

(c) quantitative information about expected synergies (see paragraphs BC148–BC163).

BC88 The IASB proposes not to exempt an entity from disclosing information about:

(a) the strategic rationale for a business combination (see paragraphs BC164–BC165); and

(b) the actual performance being reviewed to determine whether acquisition-date key objectives and the related targets are being met.

BC89 Feedback on the Discussion Paper and subsequent outreach identified that stakeholders do not expect the items of information described in paragraph BC88 to be so commercially sensitive that they should be exempt from being disclosed. Furthermore, users said they need at least some qualitative information about a business combination. In the IASB's view, information about the strategic rationale for the business combination provides this qualitative information.

7. [Agenda Paper 18F](#) for the IASB's December 2024 meeting (December agenda paper) summarised feedback on the proposed exemption. This included feedback about:

- (a) whether to provide an exemption;
- (b) situations to which the exemption would apply;
- (c) information to which the exemption would apply; and
- (d) applying the proposed exemption.

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8. Agenda Papers [18A](#) and [18B](#) for the IASB's June 2025 meeting provided the IASB with our initial analysis of feedback on the matters noted in paragraphs 7(a)–7(b) and paragraph 7(d). Appendix A reproduces our initial views and planned next steps included in those papers. This paper provides the IASB with our initial analysis of:
- (a) information to which the exemption would apply (paragraphs 9–23); and
 - (b) related clarification requests (paragraphs 24–25).

Which items of information

9. We considered feedback on:
- (a) the items exempted (paragraphs 10–14);
 - (b) the items not exempted (paragraphs 15–22); and
 - (c) other items (paragraph 23).

Items exempted

10. Paragraph BC87 of the [Basis for Conclusions](#) (reproduced in paragraph 6) lists the items proposed to be exempted in the [Exposure Draft](#) (items exempted).

Feedback summary

11. Respondents generally did not specifically comment on whether to allow an entity to use the exemption for each of the items exempted. However, as paragraphs 14–15 of the [December agenda paper](#) meeting explain:
- (a) almost all respondents agreed with the need for an exemption. Users and user groups also agreed there could be situations in which disclosing information could harm an entity and that it would be appropriate to exempt an entity from disclosing that information.
 - (b) a few respondents—including a few users and user groups—suggested not providing any exemption.

Analysis

12. Feedback on the [Exposure Draft](#) confirms the IASB's rationale for allowing an entity to use the exemption for each of the items exempted. Respondents did not express concerns about these specific items.
13. Paragraphs 9–12 of [Agenda Paper 18A](#) for the IASB's June 2025 meeting consider feedback from the few respondents who suggested not providing any exemption. As paragraph 12 of that paper explains, our initial view is to retain the exemption.
14. We therefore think the exemption should continue to apply to the disclosure of:
 - (a) the acquisition-date key objectives and the related targets for a business combination (KOTs);
 - (b) the qualitative statement of whether actual performance is meeting or has met the KOTs; and
 - (c) quantitative information about expected synergies (expected synergy information).

Items not exempted

15. Paragraphs BC88–BC89 of the [Basis for Conclusions](#) (reproduced in paragraph 6) list the items not proposed to be exempted in the [Exposure Draft](#) and explain the IASB's rationale for proposing to not exempt these items.

*Strategic rationale for a business combination****Feedback summary and analysis***

16. As paragraph BC88 of the [Basis for Conclusions](#) notes, the IASB proposed to not exempt an entity from disclosing the strategic rationale for a business combination.
17. Respondents did not raise concerns about not allowing an entity to apply the exemption to the proposed requirement to disclose the strategic rationale for a

business combination. Accordingly, our initial view is that the IASB should retain its proposal to not exempt entities from disclosing this information.

Actual performance being reviewed

Background

18. The [Exposure Draft](#) proposed requiring an entity to disclose information about actual performance being reviewed to determine whether KOTs are being met (actual performance information) in the year of acquisition and in subsequent reporting periods. As paragraph BC89 of the [Basis for Conclusions](#) explains, the IASB proposed not to exempt an entity from disclosing actual performance information because feedback suggested that the information would not be so commercially sensitive that it should be exempted.

Feedback summary

19. Some respondents suggested allowing entities to also apply the proposed exemption to actual performance information (that is—allowing entities to apply it to all performance information).¹
20. A few respondents said if an entity applied the exemption to not disclose the KOTs then disclosing actual performance information in subsequent periods:
- (a) could be misleading and could lead to users speculating on the KOTs; and
 - (b) would allow users to work backwards and identify the KOTs that—applying the exemption—had not been previously disclosed, defeating the purpose of the exemption.

¹ As paragraph 6 explains, the [Exposure Draft](#) already proposed to allow entities to apply the proposed exemption to the KOTs and the qualitative statement of whether actual performance is meeting or has met the KOTs.

Analysis

21. As paragraphs BC81–BC85 of the [Basis for Conclusions](#) explain, the exemption was designed to:
- (a) respond to concerns about commercial sensitivity; and
 - (b) address some aspects of litigation risk from disclosing forward-looking information which resulted in the entity being unable to meet the objectives of the business combination.
22. We continue to agree with the IASB’s conclusion when developing the [Exposure Draft](#) that it should not exempt an entity from disclosing actual performance information because:
- (a) disclosing actual performance provides factual information about the past performance of the business combination. This information would not be forward-looking.
 - (b) we accept that in some situations, disclosing actual performance information could provide some insight into the nature of a key objective. However, because of the specific nature of a target, we think actual performance information would not provide much insight about the related target.
 - (c) the disclosure exemption was introduced by the IASB in the [Exposure Draft](#) to balance preparers’ concerns around disclosing commercially sensitivity information and users’ need for better information about business combinations. We acknowledge that the exemption would not completely address preparers’ concerns in all situations, nor would users obtain all desired information about business combinations. Extending the disclosure exemption to actual performance information could risk users not receiving any performance information for some strategic business combinations.

Other items

23. One respondent suggested exempting an entity from disclosing the contribution of the acquired business. Paragraph 35(b) of [Agenda Paper 18A](#) for the IASB's May 2025 meeting explains why we disagree with that suggestion.

Related clarification requests***Feedback summary***

24. As paragraphs 23–24 of the [December agenda paper](#) note:
- (a) a few respondents asked whether the exemption can be applied to disclosure of 'non-financial' KOTs such as achievement of certain innovations or research and development projects.
 - (b) a few respondents asked for clarification on how an entity can disclose actual performance information when it applied the exemption to acquisition-date KOTs.

Analysis

25. We think further clarifications are unnecessary in respect of the items noted in paragraph 24. In particular:
- (a) applying the exemption to an item of information means an entity would not disclose information about that item of information in its financial statements. This would apply regardless of the nature of that item of information.
 - (b) the disclosure of actual performance information (which is illustrated in proposed paragraph IE72A of the Illustrative Examples accompanying IFRS 3 in the [Exposure Draft](#)) would remain the same regardless of whether an entity applied the exemption to acquisition-date KOTs.

Summary of staff initial views and next steps

26. We think the IASB should retain its proposal to allow an entity to apply the exemption to:
- (a) the acquisition-date key objectives and the related targets for a business combination (KOTs);
 - (b) the qualitative statement of whether actual performance is meeting or has met the KOTs; and
 - (c) expected synergy information.
27. We think the IASB should retain its proposal to not allow an entity to apply the exemption to:
- (a) the strategic rationale for a business combination; and
 - (b) actual performance information.
28. We think the IASB should not provide further clarifications in respect of the matters noted in paragraph 24 of this paper.

Question for the IASB

Do IASB members have any questions or comments on the analysis in this agenda paper?

Specifically:

- (a) do IASB members have any comments or questions on the analysis in this paper or the staff initial views summarised in paragraphs 26–28?
- (b) is there anything IASB members would like us to research or analyse further, apart from matters identified in this paper?

Appendix A—Excerpts from Agenda Papers [18A](#) and [18B](#) for the IASB's June 2025 meeting

A1. Paragraphs 41–45 of [Agenda Paper 18A](#) for the IASB'S June 2025 meeting state:

41. In our initial view, the IASB should continue to exempt entities from disclosing some of the information in specific situations and that it is unnecessary to consider further restricting the exemption.

42. In our initial view, the IASB should not extend the exemption to cover:

(a) situations in which disclosing the information would affect an entity's negotiating position for future business combinations beyond what would already be covered by the proposed exemption;

(b) breaches of non-disclosure / confidentiality agreements;

(c) litigation risk arising from situations discussed in paragraph 29; and

(d) other situations suggested by respondents to the Exposure Draft.

43. In our initial view the IASB should consider refining the scope of the exemption to allow entities to apply the exemption in situations in which disclosing the information could result in negative legal, regulatory, social and operational consequences (paragraphs 29–36).

44. As paragraph 27 explains, we plan to consult on our view in paragraph 26 on how the IASB could refine the scope. We will use feedback from consultations to inform further analysis and reach a recommendation. We will present the feedback, our updated analysis and our recommendation at a future IASB meeting.

45. We will consider at a later stage:

- (a) whether and how to respond to concerns about the loss of safe harbour protections; and
- (b) whether to allow an entity to incorporate by cross-reference information disclosed outside financial statements in relation to the performance of a business combination or expected synergy.

A2. Paragraphs 37–38 of [Agenda Paper 18B](#) for the IASB’S June 2025 meeting state:

37. In our initial view the IASB should:

- (a) not define the term ‘seriously prejudicial’;
- (b) not include a statement specifying that the exemption should be used only in ‘extremely rare circumstances’;
- (c) remove its proposal requiring entities to disclose the reason for applying the exemption; and
- (d) retain its proposal requiring entities to reassess at the end of each reporting period whether a key objective or target to which the exemption was previously applied still qualifies for the exemption.

38. We plan to consult on:

- (a) developing and testing examples of situations in which the exemption can be applied; and
- (b) developing and testing examples of how an entity might be able to aggregate information and whether to require an entity to disclose the fact that it is disclosing the information in a different way when it applies this proposal.