IFRS Accounting

# Staff paper

Agenda reference: 18A

**IASB® meeting**

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| Date | **July 2026** |
| Project | **Business Combinations—Disclosures, Goodwill and Impairment** |
| Topic | **Updating the package of performance and expected synergy information** |
| Contacts | Richard Brown (rbrown@ifrs.org)<br>Dehao Fang (fdehao@ifrs.org) |



## Purpose and structure

1. As Agenda Paper 18 explains, this paper analyses and presents our views on how the International Accounting Standards Board (IASB) could update the proposals for performance and expected synergy information.

2. This paper is structured as follows:

   (a) background (paragraphs 3–14);

   (b) staff analysis (paragraphs 15–50);

   (c) questions for the IASB;

   (d) Appendix A—Potential detailed changes to performance information;

   (e) Appendix B—Other alternatives considered; and

   (f) Appendix C—Illustrative Example—effect of not requiring disclosure of targets.

## Background

### *Exposure Draft proposals*

3. The project's objective is to explore whether entities can, at a reasonable cost, provide users of financial statements (users) with more useful information about business combinations. The Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* proposed a package of amendments designed to meet the project's objective.

4. The Exposure Draft's proposed amendments included, amongst other things:

   (a) for a subset of material business combinations, requiring an entity to disclose information about the entity's acquisition-date key objectives and the related targets[1] and the extent to which those key objectives and targets are met in subsequent periods (performance information);

   (b) requiring an entity to disclose quantitative information about synergies expected to arise from a business combination (expected synergy information); and

   (c) exempting, in specific circumstances, an entity from disclosing some performance and expected synergy information.

5. The objective of the proposed performance and expected synergy information disclosures, as set out in proposed paragraph 62A of IFRS 3 *Business Combinations* in the Exposure Draft, was to require an entity to disclose information that enables users to evaluate:

   (a) the benefits an entity expects from a business combination when agreeing on the price to acquire a business; and

[1] We refer to related targets for a business combination as 'targets' throughout the rest of this paper.

(b) for a strategic business combination (see paragraph B67C [of IFRS 3 in the Exposure Draft]), the extent to which the benefits an entity expects from the business combination are being obtained.

6. The following diagram summarises the package of performance and expected synergy information proposed in the Exposure Draft. We refer to this package as the 'Exposure Draft package' throughout the rest of this paper.

**At acquisition**

- Key objectives for a subset S E
- Targets for a subset S E
- Expected synergies for all material BCs E
- Aggregated expected synergies for individually immaterial BCs E

**Subsequently**

- Actual performance S
- Qualitative statement S E

**Subset for performance information:**

- 10% of revenue
- 10% of operating profit
- 10% of total assets
- Qualitative thresholds

**Exemption**

- Need not disclose required information if disclosure seriously prejudices any of the acquisition's key objectives or targets (KOTs).

**Key**
S Only required for a Subset
E Exemption can be applied

### *Redeliberation status*

7. Appendix A of Agenda Paper 18 summarises the IASB's tentative decisions, including those related to performance and expected synergy information. As our redeliberation plan (Agenda Paper 18G of the IASB's January 2025 meeting) explained, there are strong interdependencies between various aspects of the proposals, so these decisions were tentative and the IASB could change these tentative decisions after considering the overall package of requirements.

8. In its May 2025 meeting the IASB tentatively decided to retain the proposed disclosure objectives (see paragraph 5) to guide its redeliberations of the proposed performance and expected synergy information.

9. The IASB made some tentative decisions on aspects of performance and expected synergy information before discussing our suggested package of performance and expected synergy information in its May 2026 meeting. Specifically, the IASB:

   (a) tentatively decided to retain the proposal to require an entity to disclose performance information for only a subset of business combinations and to make some modifications to the proposals on how to identify the subset (see Appendix A of Agenda Paper 18);

   (b) tentatively decided to retain the exemption and to clarify the circumstances in which an entity can apply the exemption (Appendix A of Agenda Paper 18); and

   (c) had discussed, but not made tentative decisions on, other aspects of performance and expected synergy information before its May 2026 meeting.

### *May 2026 IASB meeting*

10. Agenda Paper 18A of the IASB's May 2026 meeting (May agenda paper) presented our suggested package of performance and expected synergy information, incorporating our suggested response to concerns raised on the Exposure Draft package, subsequent consultations and the IASB's redeliberations and tentative decisions until that point in time.

11. The following diagram summarises the package we suggested in May 2026, indicating changes to the Exposure Draft package.[2] We refer to this package as the 'May 2026 suggested package' throughout the rest of this paper. As the May agenda paper explained, in our view, the benefits of the May 2026 suggested package would, on balance, justify the costs.

[2] Paragraph 30 of the May agenda paper includes further details of the changes we suggested in comparison to the Exposure Draft package.

**At acquisition**

✓ Key objectives for a subset S E

✓ Targets for a subset S E

+ Only currency unit targets
+ How performance information is measured

✓ Expected synergies for all material BCs E

X ~~Aggregated expected synergies for individually immaterial BCs~~ E

+ Statements that targets / expected synergies are management's expectation

**Subsequently**

✓ Actual performance S

+ Only performance against currency unit targets
+ How performance information is measured

X ~~Qualitative statement~~ ~~E~~

**Subset for performance information:**

✓ 10% of revenue

X ~~10% of operating profit~~

✓ 10% of total assets

x ~~Qualitative thresholds~~

**Exemption**

✓ If disclosure seriously prejudices any of the acquisition's KOTs or

+ If disclosure breaches legal / regulatory requirements.

**Key**

✓ Retain from Exposure Draft

X ~~Remove from Exposure Draft~~

+ Add since Exposure Draft

S Only required for a Subset

E Exemption can be applied

12. At the IASB's May 2026 meeting, seven IASB members agreed with our view that the benefits of the May 2026 suggested package justify the costs and six disagreed. In summary:

(a) the IASB members who agreed with our view said the May 2026 suggested package:

(i) would improve financial reporting and appropriately balance users' need for better information about business combinations and the cost of providing that information;

(ii) could improve transparency about an entity's business combinations, driving better market discipline and behaviour, particularly where entities are not making adequate disclosures about business combinations; and

(iii) could allow the IASB, or other organisations, to build and improve upon the requirements in the future.

(b) the six IASB members who disagreed said:

(i) the May 2026 suggested package would, in practice, result in users receiving performance information for a business combination very infrequently (as a result of the requirements for identifying a subset of material business combinations for which to disclose performance information, restricting disclosure to only currency unit targets, the exemption from disclosing some performance information and some details of the management approach);

(ii) some of the changes to the Exposure Draft package to accommodate stakeholders' concerns such as auditability and commercial sensitivity (for example, restricting performance information to only currency unit targets) reduced the benefits for users while increasing complexity and costs of the proposals; and

(iii) there is limited support from stakeholders with many stakeholders continuing to express significant concerns about requiring performance and expected synergy information in financial statements.

13. A few IASB members said (a) performance information was designed to meet an identified user need for information about the *subsequent performance* of a business combination and (b) a number of stakeholder concerns related to acquisition-date targets and expected synergy information. In light of these observations, one IASB member suggested focusing any performance information requirements on the disclosure of actual subsequent performance of a business combination and not, for example, requiring an entity to disclose acquisition-date targets for a business combination.

14. In light of the concerns expressed by the IASB members who disagreed with our view that the benefits of the May 2026 suggested package justify the costs, the IASB asked us to consider whether any further updates to the May 2026 suggested package (for example, considering the suggestion in paragraph 13 to not require an entity to disclose acquisition-date targets) could help mitigate those concerns.

## Staff analysis

15. Feedback on the Post Implementation Review (PIR) of IFRS 3 and subsequent discussions with users through the course of this project confirms user need for better information about the subsequent performance of a business combination. In considering updates to the May 2026 suggested package, we focused on changes that would ensure users would receive as much information about the subsequent performance of business combinations as possible while at the same time being responsive to stakeholders' and IASB members' concerns about providing performance information.

16. Most of the significant concerns expressed by stakeholders for the proposed performance and expected synergy information—that is, conceptual concerns about whether to require some of the information in financial statements, concerns about the auditability of the information and concerns about commercial sensitivity and litigation risk arising from disclosing some of the information in financial statements—relate to the disclosure of acquisition-date information and in particular targets for a business combination and expected synergy information.

17. The IASB could update the package of performance and expected synergy information to focus on subsequent performance information and not require an entity to disclose targets or expected synergy information.[3]

18. Updating the package as discussed in paragraph 17 would also significantly reduce the cost of applying the updated package, which would allow the IASB to consider other updates to the May 2026 suggested package that could make the requirements simpler to apply, more robust and provide users with information for more business combinations. In particular, we think the IASB would no longer need to retain—and could remove:

[3] Unless otherwise noted, any changes we analyse in this paper start from the May 2026 suggested package.

(a) the threshold approach for identifying business combinations for which to disclose performance information (threshold approach) (paragraphs 25–33); and

(b) the exemption from disclosing some performance and expected synergy information in some situations (exemption) (paragraphs 34–37).

19. Our analysis includes:

(a) not requiring disclosure of targets and expected synergy information (paragraphs 20–24);

(b) removing the threshold approach (paragraphs 25–33);

(c) removing the exemption (paragraphs 34–37);

(d) the updated package and its overall effects (paragraphs 38–50);

(e) potential detailed changes to performance information as part of the updated package (Appendix A); and

(f) other alternatives we considered but did not pursue (Appendix B).

### *Not requiring disclosure of targets and expected synergy information*

20. The IASB could update the package to not require an entity to disclose targets and expected synergy information.[4] This section considers:

(a) the advantages and disadvantages of not requiring disclosure of targets and expected synergy information (paragraphs 21–23); and

(b) the staff view (paragraph 24).

#### *Advantages and disadvantages*

21. We think not requiring disclosure of targets and expected synergy information:

[4] If the IASB removes the requirement to disclose targets and expected synergy information, we think the statement that targets and expected synergy information reflect management's expectations at the time of the acquisition—as included in the May 2026 suggested package—would no longer be necessary and should also be removed.

(a) would help focus the updated package of disclosure requirements on subsequent performance information—the identified user need;

(b) would significantly reduce the cost of applying the updated package by substantially addressing concerns about:

(i) auditability and expectations gap, in particular, from stakeholders who said auditors would be required to verify reasonableness of targets and expected synergy information (auditability concerns) (explained in Agenda Paper 18B to the IASB's May 2026 meeting);

(ii) commercial sensitivity and litigation risk arising from disclosure of information that some considered to be forward-looking; and

(iii) whether targets and expected synergy information belong in financial statements.[5]

(c) could allow the IASB to require subsequent performance information for more business combinations by removing the threshold approach (discussed in paragraph 18);

(d) could allow the IASB to remove the exemption which would simplify the requirements while making the requirements more robust (discussed in paragraphs 34–37); and

(e) could allow the IASB to consider simplifying the disclosure of subsequent performance information (discussed in Appendix A).

22. We accept that not requiring disclosure of targets could reduce the usefulness of subsequent performance information. In particular, users would have less context to evaluate whether the benefits an entity expects from the business combination are being achieved—a proposed disclosure objective. However:

[5] As Agenda Paper 18A to the IASB's March 2025 meeting explains, we think performance and information relates to financial statement elements and can be required in financial statements. However, some stakeholders continue to express concerns.

(a) other disclosure requirements would provide users with some context for subsequent performance information (for example, key objectives which Appendix C illustrates);

(b) disclosure about the subsequent performance of a business combination would be based on information management uses to review the subsequent performance of a business combination, which would, in our view, provide users relevant information to form their own opinion on the extent to which benefits from a business combination are being achieved; and

(c) the IASB could explore requiring an entity to disclose additional information that could provide context for subsequent performance information (discussed in Appendix A).

23. We also accept that not requiring disclosure of expected synergy information could result in users losing some useful information. However:

(a) the loss of information might not be significant. Based on our research of information currently disclosed by entities outside financial statements, most entities covered by our research disclosed quantitative information about expected synergies (see paragraphs 32–34 of Agenda Paper 18A to the IASB's April 2022 meeting).

(b) if the IASB decides to remove the threshold approach for performance information—thereby requiring an entity to disclose performance information reviewed by key management personnel (KMP) for all material business combinations—users will receive more frequent disclosure of subsequent achievement of expected synergies (if KMP have a key objective to achieve synergies).

*Staff view*

24. If the IASB decides to update the May 2026 suggested package, we think the IASB should not require an entity to disclose targets and expected synergy information.

### *Removing the threshold approach*

25. As paragraph BC61 of the Basis for Conclusions on the Exposure Draft (Basis for Conclusions) notes, one of the objectives of the proposed threshold approach was to reduce costs of the proposed disclosure requirements. Given the costs of applying the package would be substantially reduced by not requiring disclosure of targets and expected synergy information, we considered whether the IASB could revisit the need for the threshold approach. [6]

26. If the IASB removes the threshold approach, an entity would be required to disclose performance information reviewed by its KMP for all material business combinations. This approach would be similar to the IASB's preliminary view in the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment* (Discussion Paper) which would have required an entity to disclose performance information reviewed by its chief operating decision maker (CODM) about the entity's material business combinations.

27. As paragraphs BC45–BC55 of the Basis for Conclusions explain, respondents to the Discussion Paper had mixed views on using an entity's CODM to identify the subset of business combinations for which to require performance information. Some respondents said CODMs in different entities review the performance of different types of business combination. The IASB amended its preliminary view in the Discussion Paper and instead proposed the threshold approach. The proposed threshold approach aimed to capture business combinations of significant strategic value to an entity.

28. We acknowledge that—similar to CODM—KMP in different entities might review the performance of different types of business combinations, which could result in an entity disclosing information about too few business combinations (and therefore

[6] Agenda Paper 18D of the IASB's April 2026 meeting explains the threshold approach. The IASB Update from the April 2026 meeting explains that eleven of 13 IASB members agreed with the tentative decision to retain a threshold approach to identify the subset of business combinations for which performance information would be required.

result in users not receiving the information they need) or too many business combinations (and therefore be too costly for entities). However:

(a) as paragraphs BC111–BC114 of the Basis for Conclusions note, KMP is a senior level of management and using KMP could help to identify the most important information about a business combination.

(b) although users will not receive performance information if KMP do not review the information, paragraphs 31–33 suggests requiring entities to disclose, if applicable, the fact that KMP have no key objectives for a material business combination. Knowing that KMP are not reviewing the performance of a material business combination could be useful information.

(c) we think the effect on cost will be limited as paragraph 29 explains.

29. We acknowledge removing the threshold approach would require entities to disclose performance information for a broader population of business combinations. However, we think the overall impact on cost will be limited. In particular:

(a) the disclosure of performance information follows a management approach, so there would be limited costs of preparing the information—an entity would not be required to produce information solely to meet the disclosure requirements;

(b) as paragraph 21(b) notes, most of those costs of disclosing performance information (such as auditability and commercial sensitivity) will be removed if the IASB does not require disclosure of targets[7]; and

(c) removing the threshold approach would make the updated package less complex.

30. If the IASB decides to update the package, we think the IASB should remove the threshold approach and instead require an entity to disclose performance information reviewed by KMP for all material business combinations.

[7] Paragraphs 25–27 of Agenda Paper 18A to the IASB's September 2025 meeting analyse costs, which could include costs to implement or update processes and controls.

### *Disclosing the fact that KMP have no key objectives*

31. As paragraphs A1–A3 of Agenda Paper 18B of the IASB's October 2025 meeting explain, we thought no specific disclosure requirement should be added in some situations where the Exposure Draft did not already have one, including situations in which KMPs have no key objectives for a strategic business combination. The Exposure Draft intended for strategic business combinations—a subset of material business combinations—to be those of significant strategic value to the entity. We thought a specific disclosure requirement was unnecessary in part because we thought situations in which KMPs have no key objectives for a strategic business combination would not occur frequently.

32. As discussed above, removing the threshold approach would result in an entity being required to disclose performance information reviewed by KMP for all material business combinations. We think situations in which an entity has a material—but non-strategic business combination—and KMP do not have key objectives for that business combination could be more frequent than situations in which KMP do not have key objectives for a strategic business combination. In situations in which KMP have no key objectives for a material business combination, the entity would not disclose any performance information for that business combination. We suggest adding a specific requirement for entities to disclose that fact that KMP have no key objectives for a material business combination, if applicable. We think such a disclosure could help users assess management's stewardship of the entity's resources.

### *Staff view*

33. If the IASB decides to update the May 2026 suggested package, we think the IASB should remove the threshold approach. Instead, it should require an entity to disclose:

    (a) performance information reviewed by KMP for all material business combinations; and

(b) the fact that there are no key objectives for a material business combination, if applicable.

### *Removing the exemption*

34. As paragraphs BC74–BC81 of the Basis for Conclusions explain, the IASB included the exemption in the Exposure Draft to address concerns about the commercial sensitivity of some disclosures and some aspects of litigation risk that might arise from disclosing some performance and expected synergy information. The exemption would cover:

(a) the acquisition-date key objectives and targets; and

(b) expected synergy information. [8]

35. If the IASB decides to update the package to not require disclosure of targets and expected synergy information (see paragraphs 20–24), the only remaining item of information the exemption would apply to is the acquisition-date key objectives. [9] We think an exemption is unnecessary solely for key objectives. In our view, key objectives—which are qualitative—are less likely to be commercially sensitive compared to targets, which are quantitative.

36. Removing the exemption would also:

(a) make the requirements less complex; and

(b) remove potential for differences of judgement between preparers, auditors and regulators over the applicability of the exemption in specific circumstances.

[8] The Exposure Draft also proposed to allow an entity to apply the exemption to the qualitative statement of whether actual performance is meeting or has met the key objectives and related targets for a business combination (qualitative statement). However, as paragraph 64(d) of Agenda Paper 18B to the IASB's May 2026 meeting explains, in our view the IASB should remove the proposed requirement to disclose a qualitative statement.

[9] The Exposure Draft proposed to define a key objective as 'an objective (that is, a specific aim) for a business combination that is critical to the success of a business combination…'. Appendix C includes an illustrative example of key objectives.

*Staff view*

37. If the IASB decides to update the May 2026 suggested package, we think the IASB should remove the exemption.

***Updated package***

38. The following diagram summarises the updated package which reflects our views discussed in paragraphs 20–37 above. The package shows changes from the May 2026 suggested package (reproduced in paragraph 11). We refer to this package as the 'updated package' throughout the rest of this paper.[10]

**At acquisition**

Key objectives *for all material BCs** S ~~E~~

~~Targets for a subset~~ S E

~~- Only currency unit targets~~

~~- How performance information is measured~~

~~Expected synergies for all material BCs~~ E

~~Statements that targets / expected synergies are management's expectation~~

* if reviewed by KMP, otherwise disclose the fact that KMP have no key objectives.

**Subsequently**

Actual performance *for all material BCs* ~~S~~

- Only performance against currency unit targets
- How performance information is measured

**Key**

~~Remove from suggested package~~ — S Only required for a Subset

Retain from suggested package — E Exemption can be applied

39. We discuss below:

(a) the effects of the updated package (paragraphs 40–44);

(b) our staff view on the updated package (paragraph 45); and

(c) the next steps to finalise the updated package (paragraphs 46–50).

*Effects of the updated package*

40. We continue to think the benefits of the May 2026 suggested package justify the costs. However, we note concerns raised by some IASB members at the May 2026

[10] For simplicity, the diagram does not include our view in paragraph 33 that the IASB should add a requirement for entities to disclose if KMP did not set any key objectives for a material business combination.

meeting (paragraph 12(b)) and think the updated package addresses those concerns and would improve financial reporting. In particular, the updated package focuses on providing users information about the subsequent performance of business combinations—an identified user need from the PIR of IFRS 3—while substantially addressing significant stakeholder concerns (such as location of information, commercial sensitivity, litigation risk, auditability and expectation gap). Removing the threshold approach and exemption would simplify the requirements and result in users receiving subsequent performance information for more business combinations.

41. We acknowledge not requiring disclosure of targets would mean users have less context to evaluate whether the benefits an entity expects from a business combination are being achieved. However, we think other disclosure requirements would provide users with some context and the IASB could explore requiring an entity to disclose additional information (as paragraphs A2–A4 of Appendix A explain).

42. We also accept that not requiring disclosure of expected synergy information could result in users losing some useful information. However, most entities covered by our research disclosed quantitative information about expected synergies outside financial statements.

43. Appendix A discusses potential detailed changes to performance information as part of the updated package. As Appendix A notes, we will finalise our analysis and views on these potential detailed changes if the IASB decides to proceed with the updated package. These potential detailed changes include:

   (a) requiring additional information to provide context for subsequent performance information; and

   (b) updating and simplifying existing requirements for performance information.

44. Overall, although the updated package takes a different approach from the May 2026 suggested package, we think it would respond to user needs and address IASB members’ concerns about that package.

*Staff view*

45. We think the updated package would improve financial reporting—in particular, the benefits of the updated package justify the cost of that package.

*Next steps to finalise the updated package*

46. If the IASB decides to proceed with the updated package, we will ask the IASB to decide on the specific requirements of the updated package at future IASB meetings, after consulting with our consultative bodies where relevant. The specific requirements to decide include:

    (a) topics that we have analysed at previous IASB meetings for which the IASB has not yet made a tentative decision (for example, removing the requirement for an entity to disclose the qualitative statement);

    (b) topics that we had not yet analysed in the May agenda paper (reproduced in paragraph 49) if applicable to the updated package; and

    (c) potential detailed changes to performance information as part of the updated package (as discussed in Appendix A).

| Question 1 for the IASB |
| --- |
| (a) Does the IASB agree with our view that the updated package could improve financial reporting?<br>(b) Does the IASB want to proceed with the next steps for the updated package set out in paragraph 46? |

47. If the IASB decides to not proceed with the next steps for the updated package in question 1(b), question 2 asks the IASB whether to proceed with the May 2026 suggested package (summarised in paragraph 11). Question 2 will only be discussed if the IASB decides to not proceed with the next steps for the updated package.

48. As paragraphs 12–14 note, at the IASB's May 2026 meeting, the IASB tentatively decided that the benefits of the May 2026 suggested package would justify the costs. However, only seven of 13 IASB members agreed with that decision, which suggests that there might not be a supermajority of IASB members[11] in favour of publishing final amendments to IFRS Accounting Standards that include the May 2026 suggested package. Therefore, if the IASB decides to not proceed with the next steps for the updated package (question 1(b)) we want to confirm whether we should proceed with the next steps for the May 2026 suggested package as set out in paragraphs 63–64 of the May agenda paper.

49. Paragraphs 63–64 of the May agenda paper stated:

> 63 If the IASB agrees with our view that the benefits of the suggested package would justify the costs, we will ask the IASB to continue deciding on the specific requirements in future meetings. This will include asking whether the IASB agrees with the views we have already reported (summarised in [the May agenda paper]) as well as some detailed areas on which we have not yet completed our analysis. These include:
>
> (a) clarifying whether KOTs and expected synergy information is based on management's expectations when agreeing the price to acquire the business or at the acquisition date (paragraph 33 of Agenda Paper 18B [of the IASB's May 2026 meeting]);
>
> (b) considering whether to require performance and expected synergy information for only public interest or listed entities (paragraph 36 [of the May agenda paper]); and
>
> (c) considering whether to allow an entity to apply the exemption to requirements that we have suggested adding to the [Exposure draft package] (paragraph A12 [of the May agenda paper]).

[11] Paragraph 3.16 of the Due Process Handbook says "A *supermajority* of the Board requires that: (a) eight members ballot or vote in favour of publishing a document if the board has 13 or fewer members…".

64 We will then finalise other aspects of the requirements such as:

(a) amendments to IFRS 19 [*Subsidiaries without Public Accountability: Disclosures*];

(b) the disclosure of performance and expected synergy information in interim financial reports; and

(c) transition.

50. If the IASB decides to not proceed with the May 2026 suggested package—and therefore decides to not finalise or consider further any requirements for performance and expected synergy information—Agenda Paper 18B considers whether to proceed with the other IFRS 3 disclosures and IAS 36 amendments that were included in the Exposure Draft.

| Question 2 for the IASB—only to be discussed if the IASB decides to not proceed with the next steps for the updated package (question 1(b)). |
|---|
| Does the IASB want to proceed with the next steps for the May 2026 suggested package (as set out in paragraphs 63–64 of the May agenda paper)? |

## Appendix A—Potential detailed changes to performance information

A1. This appendix discusses potential detailed changes to the updated package comprising:

(a) requiring additional information to provide context for subsequent performance information (paragraphs A2–A4); and

(b) updating and simplifying existing requirements for performance information.

### *Requiring additional information to provide context*

A2. As paragraph 22 notes, a disadvantage of not requiring disclosure of targets is that users would have less context to understand subsequent performance information. As paragraph 22(a) notes, other disclosure requirements (for example, strategic rationale and key objectives) would provide users with some context.

A3. However, the IASB could require an entity to disclose additional information—such as actual pre-acquisition information—to provide context for subsequent performance information whilst taking into consideration stakeholder concerns about disclosing targets. For example, if the subsequent performance information reviewed by KMP in the first year after acquisition is combined revenue of the acquiree and part of the acquirer's existing business (CU 1,000), disclosing actual pre-acquisition revenue of the acquiree (CU500) and/ or the business unit that it is integrated into (CU400) could provide context for the subsequent performance information.

A4. We think requiring disclosure of actual pre-acquisition information would not create the same concerns as disclosing targets (such as commercial sensitivity or auditability). This information was not proposed as part of the Exposure Draft and we acknowledge there could be other challenges in requiring this information, which we have not yet analysed. If the IASB decides to proceed with the updated package, we will complete our analysis on whether to require actual pre-acquisition performance information to provide context for subsequent performance information.

### *Updating and simplifying existing requirements for performance information*

A5. If the IASB decides to update the package, we think the IASB could potentially make detailed changes to:

(a) remove reference to targets (paragraphs A5–A10);

(b) amend the definition of key objectives (paragraph A11); and

(c) update the disclosure objectives (paragraphs A12–A13).

#### *Removing reference to targets*

A6. Proposed paragraph B67A(b)(i) of IFRS 3 included in the Exposure Draft requires an entity to disclose 'information about actual performance being reviewed to determine whether acquisition-date key objectives and the related targets are being met'.

A7. If the IASB does not require disclosure of targets, the IASB could consider simplifying the requirements by removing the reference to 'targets' and require an entity to disclose information 'being reviewed to determine whether acquisition-date key objectives are being met'.

A8. We think that removing the reference to targets could simplify the requirements for subsequent performance information, because entities would not be required to identify which of its internal targets to disclose subsequent performance information against.

A9. However, doing so might introduce complexity in determining:

(a) whether information that management review is 'to determine whether acquisition-date key objectives are being met' or not, without the specificity of the targets; and

(b) when KMP stop reviewing whether a key objective is being met, and therefore an entity would stop providing subsequent performance information.

A10. If the IASB decides to update the package of performance and expected synergy information to not require disclosure of targets, we will complete our analysis on whether the requirements for subsequent performance information can be simplified by removing the reference to 'targets'.

*Amending the definition of 'key objectives'*

A11. If the IASB decides to not require disclosure of targets, it is important that the concept of a key objective is sufficiently clear, so the IASB should consider whether the definition and explanations of key objectives need clarification or amendment. For example, the IASB might want to consider clarifying whether an entity's key objective includes the timeframe over which an entity expected to achieve its key objective.

*Updating the disclosure objectives*

A12. If the IASB decides to update the package, it would need to reconsider the disclosure objectives proposed in the Exposure Draft. As paragraph 5 notes, the objective of the proposed performance and expected synergy information disclosures, set out in proposed paragraph 62A of IFRS 3 *Business Combinations* in the Exposure Draft, was to require an entity to disclose information that enables users to evaluate:

> (a) the benefits an entity expects from a business combination when agreeing on the price to acquire a business; and
>
> (b) for a strategic business combination (see paragraph B67C [of IFRS 3 in the Exposure Draft]), the extent to which the benefits an entity expects from the business combination are being obtained.

A13. The requirements for performance and expected synergy amendments proposed in the Exposure Draft would contribute significantly to an entity being able to meet the proposed disclosure objectives, although the other amendments to IFRS 3 (discussed in Agenda Paper 18B) and some of the existing disclosure requirements in IFRS 3 would also contribute. If the IASB decides to proceed with the updated package, we will complete our analysis of whether and how to update the disclosure objectives.

## Appendix B—Other alternatives considered

B1. This appendix explains other alternatives we considered but did not pursue when considering updates to the May 2026 suggested package, because we continue to agree with the reasons for not pursuing them. This included re-considering the following alternatives:

(a) requiring entities to disclose performance and expected synergy information outside financial statements (for example, in management commentary)—paragraphs 8–10 of Agenda Paper 18 to the IASB's March 2025 paper explains our analysis and rationale for not pursuing this alternative. Further, as paragraphs 23–25 of Agenda Paper 18Bto the IASB's October 2021 meeting explain, not all entities applying IFRS Standards are required to, or choose to, apply IFRS Practice Statement 1 *Management Commentary*;

(b) requiring entities to disclose specified metrics (for example, extending the requirement in B64(q)(i) of IFRS 3 and requiring an entity to disclose the amounts of revenue and operating profit[12] of the acquiree for a few years after the year of acquisition) because:

(i) it would not be feasible to specify metrics that would be relevant for all business combinations—business combinations are entered into for different reasons (paragraph BC77(b) of the Basis for Conclusions); and

(ii) feedback suggested it may be costly or impracticable to provide information about the acquired business as a stand-alone entity if it is quickly integrated into the entity's existing business (paragraph 68(a) of Agenda Paper 18A to the IASB's July 2021 meeting); and

(c) other approaches to achieving the project objective considered in paragraphs 21–40 of Agenda Paper 18 to the IASB's February 2025 meeting, including:

[12] Paragraph B64(q)(i) of IFRS 3 currently requires an entity to disclose the amounts of 'profit or loss' of the acquiree since the acquisition date. The Exposure Draft proposes to replace the requirement for an entity to disclose the 'profit or loss' of the acquiree and the combined entity with a requirement to disclose the 'operating profit or loss' as defined in IFRS 18 *Presentation and Disclosure in Financial Statements*.

(i) reintroducing goodwill amortisation; or

(ii) more fundamental changes to IAS 36.

## Appendix C—Illustrative Example—effect of not requiring disclosure of targets

C1. Paragraph IE72 of the Illustrative Examples accompanying IFRS 3 included in the Exposure Draft illustrates how an entity might disclose performance information applying the IASB's proposals in the Exposure Draft. Below we strikethrough parts of the example relating to targets, to show how not requiring disclosure of targets would affect the performance information users would receive. For simplicity, we have not changed the illustrative example for our other suggestions in the updated package (for example, revising the scope of performance information to currency unit targets or requiring entities to disclose how performance information is measured).

> The entity plans to integrate TC into its North American operations, and management will review the performance of the acquisition based on information about AC's North American operations.
>
> In line with AC's strategy, management's key objectives ~~and related targets~~ for this business combination are:
>
> • to increase the annual revenue and profit of the entity's North American operations. ~~This key objective will be assessed using targets of against increases in increasing annual revenue by 45% and profit by 40% by 20X4 (compared to 20X1).~~
>
> • to increase the entity's market share in North America by 20X4.[13] ~~This key objective will be assessed using a target of increasing market share from approximately 15% in 20X1 to approximately 20%.~~
>
> For the financial period ended 31 December 20X2, AC increased:

[13] As paragraph C1 explains, for simplicity we have not changed the illustrative example for all of our suggestions in the updated package. For example, if the IASB revises the scope of performance information to currency unit targets then an entity would not be required to disclose a market share target.

- its annual revenue by 20% and profit by 18% for the North American operations; and
- its approximate market share to 16% in North America.[[14]]

[14] As paragraph C1 explains, for simplicity we have not changed the illustrative example for all of our suggestions in the updated package. For example, if the IASB revises the scope of performance information to currency unit targets then an entity would not be required to disclose subsequent performance for a market share target.