
IASB Meeting

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Project	Business Combinations—Disclosures, Goodwill and Impairment
Topic	Package of performance and expected synergy Information disclosures
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Purpose and structure

1. This paper analyses and presents our views on the package of performance and expected synergy information disclosures proposed in the [Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment*](#) (Exposure Draft). As Agenda Paper 18 explains, this paper asks if the IASB agrees with:
 - (a) our view that the benefits of the package we suggest proceeding with in this paper would justify the costs; and
 - (b) our planned next steps to finalise that package.
2. The paper is structured as follows:
 - (a) background (paragraphs 3–12);
 - (b) amending the proposed package (paragraphs 13–32);
 - (c) effects analysis (paragraphs 33–62);
 - (d) next steps (paragraphs 63–64);
 - (e) questions for the IASB; and
 - (f) Appendix A—Summary of staff views on specific feedback from other agenda papers.

Background

3. Business combinations are often significant transactions for the entities involved. These transactions play a central role in the global economy. The objective of the Business Combinations—Disclosures, Goodwill and Impairment project is to explore whether entities can, at a reasonable cost, provide users of financial statements (users) with more useful information about the business combinations those entities make.
4. The [Exposure Draft](#) proposed a package of information designed to meet the project objective. The proposed amendments mainly relate to:
 - (a) the disclosure requirements in IFRS 3 *Business Combinations*; and
 - (b) the impairment test in IAS 36 *Impairment of Assets*.

The proposed package

5. The focus of this paper is the package of proposals in the [Exposure Draft](#) to require an entity to disclose information about:
 - (a) the performance of a business combination (performance information) including:
 - (i) an entity's acquisition-date key objectives and related targets (KOTs); and
 - (ii) the extent to which those KOTs are being met in subsequent periods; and
 - (b) quantitative information about synergies expected from combining the operations of an acquiree and an acquirer (expected synergy information) including a description of expected synergies by category and for each category of synergies:
 - (i) the estimated amounts or range of amounts of the expected synergies;
 - (ii) the estimated costs or range of costs to achieve these synergies; and

- (iii) the time from which the benefits from the synergies are expected to start and how long they are expected to last.
6. An entity would be required to disclose performance information for only a subset of business combinations (subset)—referred to as strategic business combinations in the [Exposure Draft](#). An entity would be required to disclose expected synergy information for each material business combination and in aggregate for individually immaterial business combinations that are material collectively.
7. An entity would be exempted from disclosing (that is, allowed to not disclose) some of the information in specific circumstances.
8. We collectively refer to this set of requirements proposed in the [Exposure Draft](#) as the ‘proposed package’ throughout the rest of this paper. The diagram below summarises the proposed package:

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

Feedback on the proposed package

9. We received some feedback that was common to the proposals to require an entity to disclose performance information and to disclose expected synergy information (common feedback) and some feedback that was specific to aspects of the proposals on performance information or expected synergy information (specific feedback).

Common feedback

10. [Agenda Paper 18B](#) of the IASB's December 2024 meeting summarised common feedback. As that paper notes there were divergent views, particularly between preparers and users:
- (a) almost all users agreed with the proposal to require an entity to disclose performance information and many users agreed with the proposal to require an entity to disclose expected synergy information. Users generally confirmed the need for this information and said the information would help them assess management's decision to acquire businesses.
 - (b) most preparers continued to disagree with requiring this information in financial statements. However, many preparers acknowledged users' need for better information about business combinations and steps taken by the IASB to balance users' need for this information with preparers' concerns (including requiring performance information disclosures for only a subset of business combinations and the proposed exemption).
 - (c) both organisations representing a group of securities regulators and some regulators supported requiring the proposed disclosures while some regulators disagreed.
 - (d) feedback from auditors highlighted concerns about the auditability of the information and an expectation gap that could arise as a consequence of requiring these disclosures in financial statements.
11. Respondents who disagreed with requiring performance and expected synergy information in financial statements generally gave the following main reasons:
- (a) Conceptual reasons—some respondents had conceptual concerns such as some of the information potentially being forward-looking and not of the type typically reported in financial statements.
 - (b) Auditability and expectation gap—respondents said it would be difficult and costly to verify the reasonableness of performance and expected synergy

information. Some respondents, including many audit firms, accounting bodies and standard setters highlight an expectation gap¹ that could arise as a consequence of requiring this information in financial statements.

- (c) Commercial sensitivity and litigation risks arising from disclosure of forward-looking information (proprietary costs)—notwithstanding the proposed exemption, respondents said the information should not be required in financial statements because it could be highly commercially sensitive or result in undue litigation risks.
- (d) Monetary costs and other concerns—some respondents said an entity might be required to establish new systems and control processes to disclose this information in financial statements and support the audit process, which may be costly.

Specific feedback

12. Agenda Papers 18C–18F of the IASB’s December 2024 meeting discussed feedback specific to the proposals in the [Exposure Draft](#), including feedback specific to:
- (a) requiring performance information for only a subset of business combinations (see [Agenda Paper 18C](#) for that meeting);
 - (b) applying a management approach to the performance information disclosures (see [Agenda Paper 18D](#) for that meeting);
 - (c) expected synergy information (see [Agenda Paper 18E](#) for that meeting); and
 - (d) the proposed exemption (see [Agenda Paper 18F](#) for that meeting).

¹ Respondents said users might misunderstand the audit work done and conclude that auditors have audited the reasonableness of the information when auditors have not done so. They said users might place undue weight on the reasonableness of such information when that information is included in the audited financial statements. We refer to this as the ‘expectation gap.’

Amending the proposed package

13. We have analysed and presented our views on some aspects of the feedback—both common and specific—and whether and how to amend the proposed package to respond to that feedback at IASB meetings between February 2025 and April 2026. The agenda papers for this meeting (Agenda Papers 18B–18E) also analyse and present our views on whether and how to amend the package to respond to some aspects of the feedback. The IASB has also made tentative decisions on some aspects.²
14. In considering how to amend the proposed package, we considered the IASB’s previous tentative decisions and our analysis. A summary of those tentative decisions and analysis has been included in this paper as follows:
- (a) paragraphs 16–29 summarise staff views of common feedback; and
 - (b) Appendix A summarises our staff views on specific feedback.
15. Paragraphs 30–32 include our suggestions of how to amend the package.

Summary of staff views of common feedback

16. This section summarises our views on the common concerns:
- (a) conceptual concerns (paragraphs 17–19);
 - (b) auditability concerns and expectation gap (paragraphs 20–25);
 - (c) commercial sensitivity and litigation risk (paragraph 26); and
 - (d) monetary costs and other concerns (paragraphs 27–29).

² Appendix A of Agenda Paper 18 summarises all of the IASB’s tentative decisions.

Conceptual concerns

17. [Agenda Paper 18A](#) of the IASB's March 2025 meeting analysed the conceptual concerns and explained why we think the information can be required in financial statements. In particular:
- (a) performance and expected synergy information relates to financial statement elements; and
 - (b) even if some of the performance and expected synergy information is forward-looking, the information can, in accordance with the *Conceptual Framework for Financial Reporting* be required in financial statements.
18. At its [March 2025 meeting](#), the IASB discussed our analysis of conceptual concerns. The IASB tentatively decided to continue to redeliberate the proposed requirements for an entity to disclose information about performance and expected synergies.
19. We continue to think no specific change is needed to the proposed package in response to conceptual concerns. However, some of our suggested changes to the proposed package might reduce some of the conceptual concerns. For example, we think the IASB should revise the scope of performance information to targets based on metrics that are denominated in currency units (currency unit targets), which would remove measures like market share from the scope of the proposed package. We think this revision could help could stakeholders who raised this conceptual concern, by providing a clearer conceptual basis (including verifiability) for linking the information to financial statement elements.

Auditability concerns and expectation gap

20. Agenda Paper 18B to this meeting analyses and sets out our views on concerns about the auditability of information and the expectation gap.
21. We continue to think auditors would be required to—and would be able to—verify whether the disclosed KOTs and subsequent performance information are what key management personnel (KMP) receive to review the business combination.

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22. We cannot definitively conclude on whether an auditor would be required to verify a KOT's reasonableness. We also accept concerns about the expectation gap for KOTs. Notwithstanding the concerns, the following clarifications and changes—while not resolving all concerns—could help address some concerns:
- (a) further clarifying the intent of the disclosure requirements;
 - (b) clarifying the nature of targets—that, is that targets are not an accounting estimate as defined in IFRS Accounting Standards; and
 - (c) the changes suggested in Agenda Papers 18D and 18E (summarised in paragraph A3 of Appendix A).
23. In relation to subsequent performance information, and considering some of the changes to the proposals, in our view:
- (a) auditors would be required to, and would be able to, verify whether the subsequent performance information disclosed reflects actual performance; and
 - (b) there would not be a significant expectation gap.
24. Assuming the IASB clarifies the requirements for expected synergy information as to reflect a management approach, we continue to think that any challenges regarding auditability and the expectation gap would be similar to those for KOTs. We think the solutions discussed in paragraph 22(a), 22(b) and 30(b)(ii), while not resolving all concerns, could help address some concerns.
25. As explained in paragraph 33 of Agenda Paper 18B we plan to clarify at a future IASB meeting 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.

Commercial sensitivity and litigation risks

26. The IASB considered feedback on this matter as part of its discussion of feedback on the proposed exemption. Paragraph A9–A12 of Appendix A explain our views on the exemption. We accept there would be some residual disclosure of commercially sensitive information and litigation risk which we consider as part of the costs in our effects analysis of the suggested package (see paragraphs 51–61).

Monetary costs and other concerns

27. As paragraph 26 of [Agenda Paper 18A](#) to the IASB’s September 2025 meeting notes:
- (a) we understand some entities might not have robust systems and controls in place to prepare and disclose performance and expected synergy information. We acknowledge an entity might incur additional costs to implement or update processes and internal controls to apply the proposed requirements.
 - (b) it is not uncommon for entities to implement or update processes and controls following amendments to IFRS Accounting Standards. As feedback noted, there could be some benefits to implementing or updating controls and processes—for example, it could enhance the reliability of the information.
28. We consider costs of implementing or updating processes and controls as part of our effects analysis of the suggested package (see paragraphs 51–61).
29. Paragraphs 48–49 of Agenda Paper 18E analyse other concerns.

Changes to the proposed package

30. Appendix A summarises our views and the IASB’s tentative decisions on whether to retain or change each aspect of the proposed package, based on the common and specific feedback. In summary, we think the IASB should change:
- (a) the nature, content and population of performance information by:
 - (i) revising the scope of performance information to currency unit targets;

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- (ii) requiring entities to disclose how performance information is measured;
 - (iii) requiring entities to disclose a statement that KOTs reflect management's expectations at the time of the acquisition;
 - (iv) removing the proposed requirement to disclose a qualitative statement of whether actual performance is meeting or has met the KOTs (qualitative statement); and
 - (v) amending the thresholds proposed to identify the subset of business combinations by removing the operating profit and qualitative thresholds.
- (b) the nature and population of expected synergy information by:
- (i) requiring entities to disclose expected synergy information only if the entity has already considered that information;³
 - (ii) requiring entities to disclose a statement that expected synergy information reflects management's expectations at the time of the acquisition; and
 - (iii) removing the proposed requirement to disclose expected synergy information in aggregate for individually immaterial business combinations that are material collectively.
- (c) the proposed exemption by:
- (i) refining the wording of the exemption to exempt entities from disclosing information that would result in a breach of statutory legal or regulatory requirements; and
 - (ii) removing the proposed requirement to disclose the reason for applying the exemption.

³ We plan to clarify whether KOTs and expected synergy information relate to the information at the time the business combination was agreed or information at the acquisition date at a future IASB meeting.

The suggested package

31. The following diagram summarises the package we suggest, indicating changes to the proposed package discussed in paragraph 30. We refer to this package as the ‘suggested package’ throughout the rest of this paper.

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

Subset for performance information:

- ✓ 10% of revenue
- ~~X 10% of operating profit~~
- ✓ 10% of total assets
- ~~x Qualitative thresholds~~

Subsequently

- ✓ Actual performance S
 - + Only performance against currency unit targets
 - + How performance information is measured
- X Qualitative statement E

Exemption

- ✓ If disclosure seriously prejudices any of the acquisition’s KOTs or
- + If disclosure breaches legal / regulatory requirements.

Key

- | | |
|---|--|
| ✓ Retain from Exposure Draft | S Only required for a Subset |
| X Remove from Exposure Draft | E Exemption can be applied |
| + Add since Exposure Draft | |

32. As paragraphs 63–64 explain, there are some detailed areas on which we have not yet finalised our views.

Effects analysis

33. This section analyses and presents our views on the effects of finalising the suggested package. As paragraph 32 notes, we have not completed our analysis on all details of the suggested package and will update our analysis of the effects at a future meeting as necessary. We will also, at a future meeting, consider the effects of finalising the suggested package together with the effects of finalising the other amendments (for example, amendments to IAS 36 and other amendments to IFRS 3).

34. As paragraph BC264 of the [Basis for Conclusions](#) of the Exposure Draft (Basis for Conclusions) states:

BC264 ...the objective of the Business Combinations—Disclosures, Goodwill and Impairment project is to explore whether entities can, at a reasonable cost, provide users with more useful information about business combinations. The proposals in this Exposure Draft aim to meet that objective by responding to feedback on the PIR of IFRS 3, in particular:

(a) feedback from users about the need for better information to help them understand the performance of a business combination;....

35. The suggested package aims to meet the project objective by responding to the feedback noted in paragraphs 10–12. We discuss, in relation to the suggested package:
- (a) entities affected (paragraphs 36–38);
 - (b) benefits (paragraphs 39–50);
 - (c) costs (paragraphs 51–61); and
 - (d) our staff view on the costs and benefits (paragraph 62).

Entities affected

36. The suggested package would affect entities applying IFRS Accounting Standards that enter into a material business combination. As paragraph 55 of [Agenda Paper 18A](#) of the IASB's September 2025 meeting explains, our initial view was for the IASB not to limit the requirements of the suggested package only to entities with public accountability or those that are listed. However, some IASB members asked us to reconsider that initial view, which we plan to at a future IASB meeting.
37. The [Exposure Draft](#) proposed that eligible subsidiaries applying IFRS 19 *Subsidiaries without Public Accountability: Disclosures* would be required to disclose expected

synergy information but not performance information. We plan to ask the IASB to redeliberate the requirements for eligible subsidiaries applying IFRS 19 after the IASB has decided the other requirements.

38. For entities affected, disclosure would only be required—subject to the exemption:
- (a) for expected synergy information, only if the entity has already considered that information; and
 - (b) for performance information, if the business combination meets the thresholds in paragraph A4.

Benefits

39. We think the suggested package continues to provide the benefits the IASB expected when it published the [Exposure Draft](#). Paragraphs BC267–BC268 of the [Basis for Conclusions](#) state:

BC267 The IASB expects the proposals to result in better information for users about business combinations. In particular:

(a) the proposals to require an entity to disclose information about the performance of a business combination would directly address feedback from users about deficiencies of information in this area.

(b) information about the performance of a business combination would also partially respond to feedback from the [post-implementation review] of IFRS 3 about impairment losses on goodwill sometimes being recognised too late. Some users use information about impairment losses on goodwill as a proxy for assessing the success of the related business combination. For example, some users said they interpret the recognition of an impairment loss as confirmation that a business combination was unsuccessful. If information about an impairment loss on goodwill is provided too late, users would not obtain that confirmation on a

timely basis. Requiring an entity to disclose information about the performance of a business combination more directly responds to that user need.

...

BC268 Academic evidence gathered by the IASB suggests the benefits of providing better information about business combinations to users are associated with a lower cost of capital for entities reporting that information.^[4]

40. As [Agenda Paper 18B](#) of the IASB's December 2024 meeting explains, almost all users agreed with the proposal to require an entity to disclose performance information and many users agreed with the proposal to require an entity to disclose expected synergy information. Users generally confirmed the need for this information and say the information would help them assess management's decision to acquire businesses.
41. We think the changes we suggest making to the proposed package do not significantly alter the benefits, as explained further in paragraphs 43–49 (performance information) and paragraph 50 (expected synergy information). We think users would still receive sufficient information to help them evaluate:
- (a) the benefits an entity expects from a business combination when agreeing the price to acquire a business; and
 - (b) for a subset of material business combination, the extent to which the benefits an entity expects from the business combination are being obtained.⁵
42. We discuss below separately the benefits of performance information and expected synergy information.

⁴ F Mazzi, P André, D Dionysiou and I Tsalavoutas, 'Compliance with Goodwill-Related Mandatory Disclosure Requirements and the Cost of Equity Capital', *Accounting and Business Research*, vol 47, no 3, 2017, p. 268–312.

⁵ The proposed new disclosure objective to be added to IFRS 3.

Performance information

43. The changes we suggest to performance information do not, in our view, significantly change the benefits the IASB expected when it proposed requiring entities to disclose performance information. We discuss below the changes to the different elements of the package, and our view of how those changes affect the benefits.

Nature and content of information

44. We accept that revising the scope of performance information to currency unit targets will reduce the volume of information provided. However, we think this provides users with most of the information they would receive applying the [Exposure Draft](#) (in particular, targets relating to expected synergies).
45. We think removing the qualitative statement will not significantly affect the benefits because users would still be able to form their own assessment of whether actual performance is meeting or has met the KOTs by comparing the actual performance with the KOT.
46. We think requiring an entity to disclose how performance information is measured will help users to better understand how management measured its targets and actual performance, increasing the benefits of the package.

Population of business combinations

47. The changes to the subset of business combinations (see paragraph 30(a)(v)) would not, in our view, significantly reduce the population of business combinations for which an entity would disclose performance information. We think users would get information for fundamental/game-changing acquisitions. As [Agenda Paper 18C](#) of the IASB's April 2026 meeting explains, while findings from the different evidence-based sources show some variation:
- (a) the proposed thresholds would result in capturing only a 'subset' of all business combinations—that is, the proposed thresholds would not result in

entities being required to disclose performance information for all or almost all of their business combinations; and

- (b) despite the limitations of the academic study discussed in that paper, the results of the study are within the range the IASB previously considered.

48. Other research (see paragraphs 27–30 of [Agenda Paper 18C](#) of the IASB’s April 2025 meeting) showed an entity would, on average, undertake a transaction that met the thresholds once every ten to twenty years. While we do not know how frequently entities enter into fundamental/game-changing acquisitions, this interval seems consistent with the expectation that such transactions occur infrequently. Further:

- (a) although we suggest removing the operating profit threshold, stakeholders provided no examples of business combinations important to users captured by the operating profit threshold that would not be captured by the asset or revenue thresholds; and
- (b) removing the qualitative thresholds could result in fewer business combinations being captured and, consequently, less information being provided to users, but we think the asset and revenue thresholds will still capture most of the business combinations important to users.

Exemption

49. The refinement we suggest to the wording of the exemption to exempt entities from disclosing information that would result in a breach of statutory legal or regulatory requirements would not, in our view, change the IASB’s expectation of when an entity would apply the exemption, because when drafting the [Exposure Draft](#) we intended to allow entities to apply the exemption in this situation.

Expected synergy information

50. The changes we suggest to expected synergy information do not, in our view, significantly change the benefits the IASB expected when it developed the proposed package. In particular:

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- (a) removing the requirement for an entity to disclose expected synergy information in aggregate for all individually immaterial business combinations that are material collectively does not significantly change benefits for users—most respondents (including users) agreed with removing this requirement; and
 - (b) clarifying the proposals to require disclosure of expected synergy information only if the entity considered that information means users would receive information used for decision-making, which is the most useful.

Costs

51. Paragraphs BC270–BC271 of the [Basis for Conclusions](#) discuss the IASB’s assessment of the costs of the proposed package. These paragraphs state:

BC270 ...stakeholders raised practical concerns about disclosing the information proposed by the IASB. The IASB responded to those concerns by proposing:

- (a) to limit the number of business combinations for which an entity would be required to disclose some of the information ...; and
- (b) to exempt an entity from disclosing some items of information in specific circumstances

BC271 The IASB considers those responses to result in a set of proposed disclosure requirements for which the expected benefits would outweigh the costs.

52. We acknowledge that there would be monetary costs in disclosing performance and expected synergy information (including for example considering the exemption). However:

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- (a) entities would only be required to disclose performance and expected synergy information they already have available and would not be required to produce this information only to meet disclosure requirements;
 - (b) we accept in some situations, entities might incur costs because they might not have appropriate systems and controls in place to produce performance and expected synergy information that would stand up to the scrutiny of an audit, however, we think these costs would not be unduly onerous; and
 - (c) we think costs entities might incur in considering, for example, whether to apply the exemption to a piece of information (for example, discussing with auditors) would not be unduly onerous.
53. The exemption, in our view, appropriately reduces the cost of disclosing commercially sensitive performance and expected synergy information and provides an entity with protection from litigation risk in appropriate situations. We accept there would be some residual costs—for example, an entity would have less protection from litigation risk than it would if safe harbour⁶ protections applied to similar information disclosed outside financial statements and an entity might face frivolous lawsuits. However, we think the exemption appropriately addresses litigation risk arising from an entity failing to meet its acquisition-date key objectives for a business combination because it disclosed the information and should not address other litigation risk.
54. Our assessment below considers the effect of our suggested changes to the proposed package on costs including, for example, monetary costs and audit costs (auditability of information and costs of any remaining expectation gap). We have assessed these costs separately for:
- (a) performance information (paragraphs 56–57); and
 - (b) expected synergy information (paragraphs 58–59).

⁶ We understand that 'safe harbour' protections in some jurisdictions protect entities from legal action in respect of forward-looking information disclosed in documents other than financial statements.

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55. Paragraph 60–61 discuss other considerations raised by stakeholders about the effects of disclosing performance and expected synergy information.

Performance information

56. We think our suggested changes to the [Exposure Draft](#) proposals reduce the cost of disclosing performance information. In particular:
- (a) revising the scope of performance information to currency unit targets reduces the monetary cost of auditing performance information and addresses some auditability concerns;
 - (b) removing the operating profit threshold and the qualitative thresholds reduces the monetary cost of identifying the subset, and should reduce judgement and improve consistency;
 - (c) removing the requirement to disclose a qualitative statement removes the monetary cost of preparing and auditing that disclosure and removes any auditability concerns about that disclosure; and
 - (d) adding requirements to disclose how performance information is measured and a statement that KOTs reflect management’s expectations at the time of the acquisition helps mitigate the auditability concerns and expectation gap. While these disclosures would be incremental to the proposed package, we think the monetary cost of providing this information would not be significant—the disclosure reflects information management already has available.
57. We acknowledge there are residual costs, including the cost of preparing and auditing the disclosures.

Expected synergy information

58. We understand concerns about the costs of disclosing expected synergy information, in particular, because disclosure would be required for all material business

combinations (and related costs would therefore be incurred more frequently than for disclosure of performance information, which is limited to the subset).

59. However, we think our suggested changes to the [Exposure Draft](#) proposals reduce the cost of expected synergy information, our suggested changes comprise:
- (a) clarifying that expected synergy information would be disclosed only if the entity has already considered that information. This change means entities would not incur costs to prepare the information only for disclosure purposes (although there would still be residual costs as explained in paragraph 57); and
 - (b) removing the requirement to disclose aggregated expected synergy information for individually immaterial business combinations.

Other considerations

60. A few respondents expressed concerns about wider effects of the proposals if finalised. In particular:
- (a) a few preparers and preparer groups, mostly from Europe, said the proposals, if finalised, could affect the competitiveness of entities applying IFRS Accounting Standards if entities applying US GAAP would not be required to disclose similar information.
 - (b) one preparer group expressed concern about the potential unintended consequences of the proposals, due to focusing solely on business combinations. They said the proposed requirements, if finalised, might deter companies from pursuing growth through business combinations and focus solely on organic growth.
61. The IASB is responding to feedback it heard from its stakeholders by proposing to add disclosure requirements to IFRS 3 about the performance of business combinations and expected synergies. As paragraph BC268 of the [Basis for Conclusions](#) notes, academic evidence suggests the benefits of providing better

information about business combinations to users could be associated with a lower cost of capital for entities reporting that information.

Staff view on the costs and benefits

62. Considering our analysis of the costs and benefits of the suggested package as set out in paragraphs 33–61, we think the benefits of the suggested package would, on balance, justify the costs including the residual costs (that is, auditability and commercial sensitivity). In reaching this view, we considered:
- (a) the benefits of performance and expected synergy information for users (as discussed in paragraphs 39–50);
 - (b) the costs, including the cost of preparing and auditing the disclosures (as discussed in paragraphs 51–61);
 - (c) the changes we suggest to the package to reduce costs and address concerns (as summarised in paragraph 30);
 - (d) the population of business combinations for which an entity would disclose the information (see paragraphs 47–48 for performance information and paragraph A8 for expected synergy information); and
 - (e) the residual costs including auditability challenges, commercial sensitivity, litigation risk and the expectation gap.

Next steps

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 this 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);
 - (b) considering whether to require performance and expected synergy information for only public interest or listed entities (paragraph 36); and
 - (c) considering whether to allow an entity to apply the exemption to requirements that we have suggested adding to the proposed package (paragraph A12).
64. We will then finalise other aspects of the requirements such as:
- (a) amendments to IFRS 19;
 - (b) the disclosure of performance and expected synergy information in interim financial reports; and
 - (c) transition.

Questions for the IASB

1. Do IASB members have any comments or questions on Agenda Papers 18–18E?
2. Does the IASB agree with our assessment that the benefits of the suggested package (as summarised in paragraph 31) would justify the costs and for us to proceed with the next steps set out in paragraphs 63–64?

Appendix A—Summary of staff views on specific feedback from other agenda papers

- A1. This section summarises our analysis and the IASB’s tentative decisions on specific feedback. We have organised this section by the different elements of the proposed package which comprise:
- (a) the nature, content and population for performance information (paragraphs A2–A4);
 - (b) the nature, content and population for expected synergy information (paragraphs A5–A8); and
 - (c) the exemption from some disclosure requirements (paragraphs A9–A12).

Performance information

Nature and content

- A2. As [Agenda Paper 18A](#) of the IASB’s October 2025 meeting explains, we think the IASB should retain the proposals:
- (a) to use a management approach for performance information;⁷
 - (b) to specify KMP as the level of management to be used in identifying the performance information to be disclosed;
 - (c) to require an entity to disclose performance information for as long as the entity’s KMP continue to review whether the objectives for a business combination are being met; and
 - (d) to disclose if an entity’s KMP do not start, or stop, reviewing.
- A3. Based on our analysis in papers for this month’s meeting, we think:

⁷ Using a management approach, if management will review performance of the combined business using integrated targets, then those integrated targets would be disclosed.

- (a) as Agenda Paper 18D explains, the IASB should revise the scope of performance information to currency unit targets;
- (b) as Agenda Paper 18E explains, the IASB should require disclosure of how performance information is measured;
- (c) as Agenda Paper 18E explains, the IASB should require disclosure of a statement that KOTs reflect management's expectations at the time of the acquisition; and
- (d) as Agenda Paper 18E explains, the IASB should remove the requirement to disclose a qualitative statement of whether actual performance is meeting or has met the KOTs.

Population

- A4. The IASB tentatively decided to retain the proposal to require an entity to disclose performance information for only a subset of business combinations (see paragraphs 38–39 of [Agenda Paper 18B](#) of the IASB's [April 2026 meeting](#)). The IASB tentatively decided to retain a threshold approach to identify the subset and:
- (a) to retain the proposed revenue and asset thresholds;
 - (b) to remove the proposed operating profit threshold;
 - (c) to retain the proposal to set the quantitative thresholds at 10%; and
 - (d) to remove the proposed qualitative thresholds.

Expected synergy information

Nature and content

- A5. As [Agenda Paper 18D](#) the IASB's October 2025 meeting explains, we think the IASB should retain the proposals to disclose:
- (a) expected synergies by category, with an estimated amount or range of amounts;

- (b) the estimated costs or range of costs to achieve synergies; and
 - (c) the time from which the benefits expected from the synergies are expected to start and how long they will last.
- A6. As Appendix A of [Agenda Paper 18D](#) the IASB's October 2025 meeting explains, we think the IASB should clarify the proposals to require disclosure of expected synergy information only if the entity has already considered that information.⁸
- A7. As Agenda Paper 18E explains, we think the IASB should require disclosure of a statement that expected synergy information reflects management's expectations at the time of the acquisition.

Population

- A8. As Agenda Paper 18C explains, we think the IASB should:
- (a) retain the proposal to disclose expected synergy information for all material business combinations (that is, not restrict disclosure to only strategic business combinations or to only business combinations with recognised goodwill); and
 - (b) remove the proposal to disclose expected synergy information in aggregate for individually immaterial business combinations that are material collectively.

Exemption from some disclosure requirements

- A9. In its [April 2026 meeting](#) the IASB tentatively decided (see [Agenda Paper 18E](#) of that meeting):
- (a) to retain the exemption from disclosing some information in specific circumstances;
 - (b) to refine the wording of the exemption to exempt entities from disclosing information that would result in a breach of statutory legal or regulatory requirements;

⁸ Although we did not consult on this initial view, during outreach meetings a few stakeholders said they agreed with our initial view.

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- (c) to remove the proposed requirement to disclose the reason for applying the exemption; and
 - (d) to not otherwise change which situations the exemption applies to or the application guidance/examples.
- A10. As [Agenda Paper 18E](#) of the IASB's April 2026 meeting notes, in our view the exemption appropriately addresses litigation risk arising from an entity failing to meet its acquisition-date key objectives for a business combination because it disclosed the information and should not address other litigation risk and no further change to the exemption is needed in this respect.
- A11. As paragraphs 26–27 of [Agenda Paper 18B](#) of the IASB's December 2025 meeting explain, we think the IASB should retain its proposals:
- (a) to allow an entity to apply the exemption to KOTs and expected synergy information; and
 - (b) to not allow an entity to apply the exemption to the strategic rationale for a business combination or actual performance information.⁹
- A12. We have not yet analysed whether the IASB should allow an entity to apply the exemption to requirements that we have suggested adding to the proposed package (for example, requiring entities to disclose how performance information is measured). After the IASB has decided whether it agrees with adding those requirements we will analyse whether the IASB should allow an entity to apply the exemption to those requirements.

⁹ In [Agenda Paper 18B](#) of the IASB's December 2025 meeting our initial view was that the IASB should retain its proposal to allow an entity to apply the exemption to the qualitative statement. However, as paragraph 64(d) explains, in our view the IASB should remove the proposed requirement to disclose a qualitative statement.