



FASB | IASB Education Meeting

September 29, 2023

Financial KPIs for Business Entities

This paper has been prepared for discussion at a public education meeting of the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). It is not intended to represent the views of the boards or any individual member of either board or the staff. Comments on the application of IFRS[®] Accounting Standards or US GAAP do not purport to set out acceptable or unacceptable application of IFRS Accounting Standards or US GAAP. Tentative technical decisions are made in public and reported in FASB Action Alert or in IASB Update. Official positions of the FASB or the IASB are determined after extensive due process and deliberations.

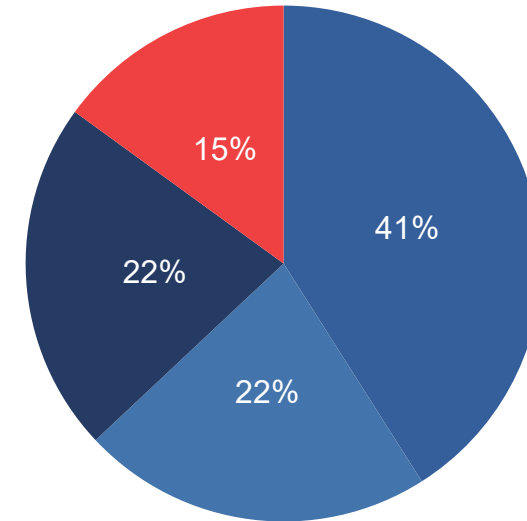
Agenda Consultation: Prioritization and Feedback

- The top priority topics identified by investors were:

1. Disaggregation of Financial Reporting Information
2. Statement of Cash Flows
3. ESG-Related Transactions or Disclosures
4. Intangible Assets
- 5. Financial KPIs or Non-GAAP Metrics**
6. Digital Assets
7. Income Tax Disclosures.

~40 comment letters received referred to Financial KPIs or Non-GAAP Metrics

- Preparers and Auditors
- Trade Groups or State Societies
- Other Stakeholders
- Investors



Some respondents, particularly investors:

- Defining KPIs in GAAP could provide investors with a common starting point for widely used KPIs that could result in better comparability.

Other respondents:

- Management is best equipped to determine its KPIs to be reported as non-GAAP items
- Standardization of KPI definitions is not necessary

Objective of Research

- To explore standardizing the definitions of financial key performance indicators
- Research will (1) be informed by the progress of the Disaggregation—Income Statement Expenses project and (2) consider interactions with the regulatory framework.

Next Steps

