

Mr Bruce Mackenzie
IFRS Interpretations Committee Chair

Columbus Building
7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

Levallois-Perret, 9 September 2026

Re: Tentative Agenda Decision - Presentation of Operating Expenses (IFRS 18)

Dear Bruce,

Forvis Mazars welcomes the opportunity to comment on the above-mentioned IFRS Interpretations Committee Tentative Agenda Decision, published in the June 2026 IFRIC Update.

We agree with the Committee's decision not to add a standard-setting project to the Board's agenda. In our view, the agenda decision reiterates the requirements in IFRS 18 that are sufficient basis to answer the submission.

We nevertheless observe that a practical question frequently raised by stakeholders is whether expenses that could easily be attributed to a function should necessarily be presented within that function.

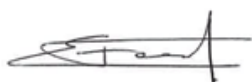
This issue is particularly sensitive when it comes to allocating particular expenses to the Cost of sales function. While it is clear that the inventory expense is included in the Cost of sales function according to paragraph 82(a) of IFRS 18, extensive discussions exist on whether other natures of expenses, such as amortization expense of development costs, or share-based payment expense awarded to the production staff, should be mandatorily presented within the Cost of sales function.

Our understanding is that, when developing IFRS 18, it was not the Board's intention to define the Cost of sales, as explained in BC 256. Therefore, the application of IFRS 18 does not require entities to modify the content of their Cost of sales function as reported under IAS 1. Rather, the requirement in paragraph 83 to disclose in the notes the nature of expenses included in each line item of the operating category provides sufficient information for users to understand what is included in the Cost of sales function and in which line-item expenses that are not included in the Cost of sales function are presented.

We believe that the Agenda Decision would be more useful if it could clarify, through an example or otherwise, the Committee's view on how and to which extent expenses that relate to the generation of revenue should be included in the Cost of sales function.

Should you have any questions regarding our comments on the Tentative Agenda Decision, please do not hesitate to contact me (+33 6 62 99 57 81).

Yours sincerely,



Edouard Fossat

Corporate Financial Reporting