

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 - Management-defined Performance Measures—Hypothetical Income and Expenses (IFRS 18 Presentation and Disclosure in Financial Statements)

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.

Forvis Mazars disagrees with the conclusion reached by the Interpretations Committee that any performance measure that includes hypothetical income and expenses can be a subtotal of income and expenses in accordance with paragraph 117 of IFRS 18.

While we agree that paragraph 117 does not contain any restrictions on how an entity calculates a subtotal of income and expenses, we believe that the drafting of this paragraph implies that the subtotal is composed of elements that meet the definition of income and expenses in the Conceptual Framework. We believe that whether hypothetical income and expenses in Example 1 of the submission (annualized rental income minus non-recoverable property expenses) or Example 3 (proforma gross profit as if the business combination had taken place at the beginning of the reporting period) meet the definition of income and expenses in the Conceptual Framework is highly questionable. And we are convinced that hypothetical income and expenses described in Example 2 (net profit excluding the effects of a major crisis) do not meet the definition of income and expenses in the Conceptual Framework because they involve the use of fictitious transactions that have not and will never take place. By contrast, subtotals described in Example 1 and Example 3 are based on data that corresponds to actual transactions, even if the reporting entity may not have been a party to these transactions.

In addition, we regret that:

1. Although the Committee has decided to depart from the submission by ignoring the 3 examples provided by the submitter, it has not discussed the most common hypothetical performance measures used by entities and whose qualification as MPM triggers extensive discussions, namely performance measures at constant exchange rates or on a like-for-like basis;
2. The Committee has drafted the Tentative Agenda Decision in a way that leads to a kind of mechanical conclusion: if the performance measure is a subtotal of income and expenses (even if hypothetical) and is used in public communication outside financial statements, then the performance measure is a MPM. This is because paragraph 119 establishes a presumption that any subtotal of income or expenses that is used in public communication outside financial statements communicates management's view of an aspect of the financial performance of the entity as a whole;
3. While doing so, the Committee has ignored that this presumption can be rebutted by management according to paragraph 120 if it has reasonable and supportable information available that demonstrates the basis for the assertion, following the guidance in paragraphs B124–B131.
Regarding hypothetical performance measures, we believe that there is strong rationale to consider they do not communicate management's view of an aspect of the financial performance of the entity as a

whole, the first reason being that they do not represent a measure of the actual performance of the entity. They are often used to help compare or explain changes of an actual performance measure between the current and the previous year and are therefore presented without prominence (paragraph B126(b)(ii)).

We encourage the Interpretations Committee to revise its analysis in the light of the comments above. Should the Committee confirm its conclusion that hypothetical performance measures can be a subtotal of income and expenses (with which we disagree), we would recommend that the final agenda decision puts emphasis on the possibility to rebut the presumption that the performance measure communicates management's view of an aspect of the financial performance of the entity as a whole in accordance with paragraph 120.

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