PRIMARY FINANCIAL STATEMENTS

SUMMARY REPORT

User Outreach

Part 1: General Presentation Requirements

Part 2: General Disclosure Requirements

19 AND 26 MAY 2020

Introduction

EFRAG with the European Federation of Financial Analysts Societies (EFFAS), the Belgian Association of Financial Analysts (ABAF-BVFA) and the IASB®, organised two user outreach events covering the IASB's Exposure Draft *General Presentation and Disclosures* ('the ED'). This report has been prepared for the convenience of European constituents to summarise the user outreach events held online on 19 and 26 May 2020. The first user outreach webinar on 19 May covered presentation requirements and the second user outreach webinar on 26 May focused on general disclosure requirements.

Saskia Slomp, EFRAG CEO opened the outreach events and welcomed participants. She explained that EFRAG was organising these webinars together with the European Federation of Financial Analysts Societies (EFFAS), the Belgian Association of Financial Analysts (ABAF-BVFA) and the IASB®. The focus in these events was therefore on users.

To set the scene, **Nick Anderson**, IASB Board Member, and **Aida Vatrenjak**, IASB Technical Staff, introduced the ED and illustrated the IASB proposals on *General Presentation and Disclosures*, including the introduction of new subtotals and categories, new requirements on the analysis of operating expenses by nature and by function, targeted improvements to the statement of cash flows, as well as the IASB proposals on disaggregation, management performance measures and unusual income and expenses.

Aida Vatrenjak explained that this project was a part of the IASB work on *Better Communication in Financial Reporting* and a result of the 2015 Agenda Consultation where many users of financial statements stated that performance reporting should be a priority. The IASB discussions on this project started early 2016 and in December 2019 the IASB published the ED with a comment period ending on 30 September 2020. The comment period was prolonged by 3 months because of the COVID-19 pandemic to give more time for discussions and feedback and to conduct field testing.

The overall objective of the project was to improve the structure and content of primary financial statements with particular focus on the statement of profit or loss and with limited changes to the statement of cash flows. The IASB wanted also to improve the transparency and discipline on the use of management-defined performance measures.

The ultimate objective was to replace IAS 1 *Presentation of Financial Statements* with a new IFRS standard that would include new guidance on the structure and content of primary financial statements ('PFS'), retained guidance from IAS 1, subject to some improvements and clarifications. In addition, some of the existing requirements would be moved from IAS 1 to other IFRS Standards. The IASB would also amend a number of other IFRS Standards such as IAS 7, IAS 33, IAS 34 and IFRS 12 as a result of the project.

Chiara Del Prete, EFRAG TEG Chairwoman, welcomed the ED as a response to the long-lasting demand from users to improve the structure and content of the primary financial statements, presented EFRAG's tentative views on the IASB proposals and explained that the remarks in the EFRAG draft comment letter ('the DCL') intended to support the IASB in achieving a better result in practice. She reminded that the EFRAG DCL had been issued on 24 February 2020 and that input from European stakeholders was welcomed until 28 September 2020. She finally noted that the EFRAG DCL was informed by the results of an early stage impact analysis conducted in order to understand the implications of the IASB proposals in practice.

She also highlighted that EFRAG had made a number of suggestions and was asking for views of its constituents on specific topics, including some of the IASB proposals for which EFRAG did not yet form a view and will assess the constituents' feedback before taking a position in the final comment letter.

This introduction was followed by a User Round Table discussion with the following panellists:

- **Marietta Miemietz,** Director, Primavenue Advisory Services Limited
- **Stefaan Genoe**, Managing Partner Corporate Finance, Bank Degroof Petercam
- **Peter Malmqvist**, Equity analyst, member of the EFRAG User Panel

The User Round Table was moderated by **Hans Buysse**, Chairman ABAF/BVFA, member EFFAS Executive Management Committee and EFRAG Board member. **Serge Pattyn**, member of EFFAS CFR (Commission on Financial Reporting) and of EFRAG User Panel summarised the feedback and presented his personal take-aways after the Round Table.

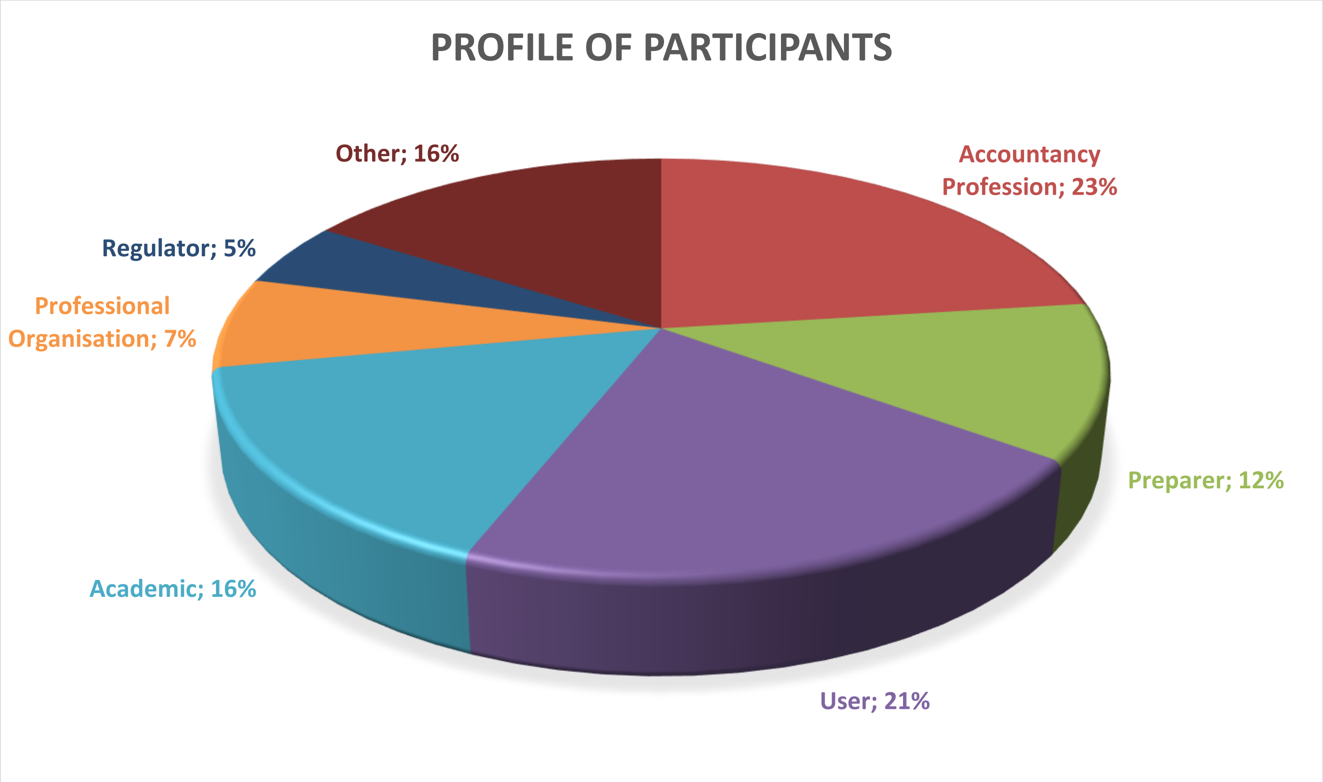
The bio's of speakers and panellists can be consulted here.

For the 19 May event on *General Presentation Requirements* the detailed event programme is available - here, the slides for the presentation – here. The recording of the event can be consulted here.

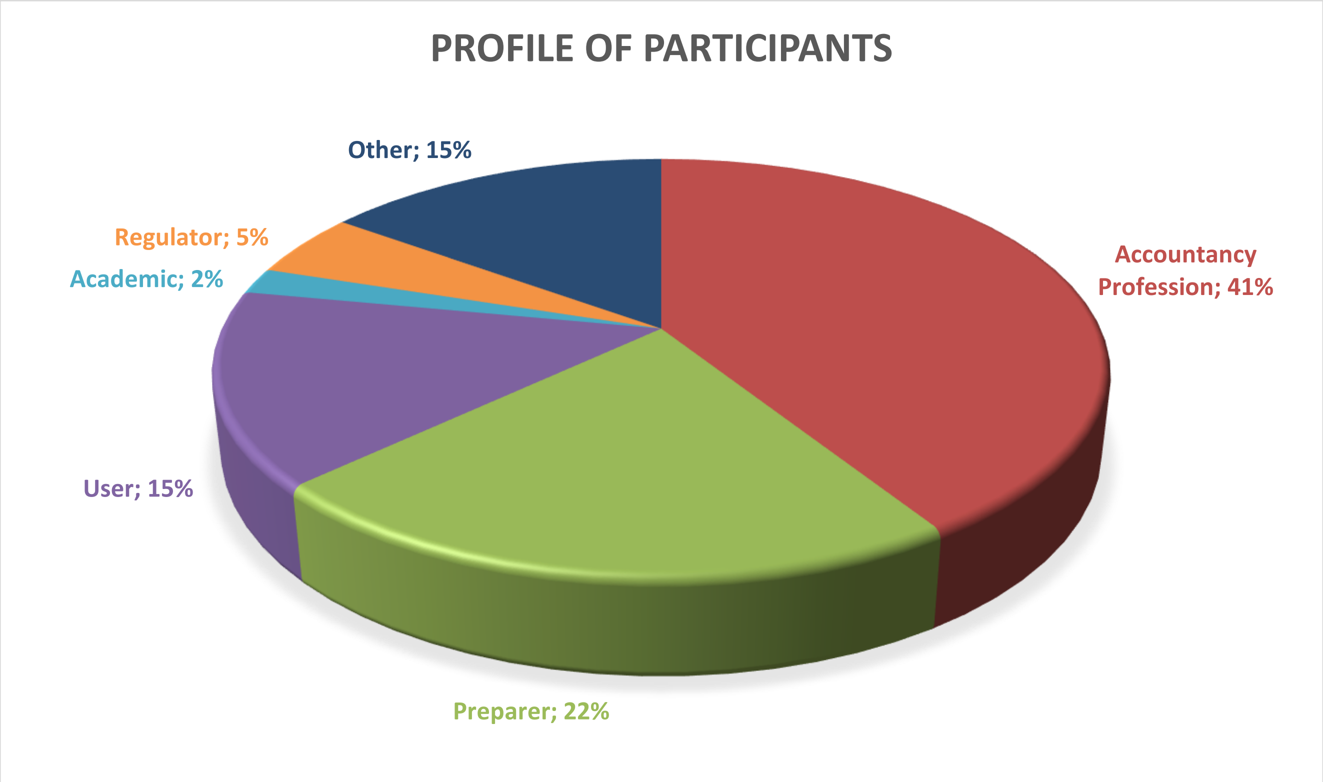
For the 26 May event on *General Disclosure Requirements* the detailed event programme is available here, the slides for the presentation – here. The recording of the event can be consulted here.

During the Round Tables, attendees' views were collected through on-line questions. The results are shown below (*SLIDO Q&A*).

The profiles of participants of the first webinar on *General Presentation Requirements* are summarised below:



The profiles of participants of the second webinar on *General Disclosure Requirements* are summarised below:



General Presentation Requirements

Discussion

Nick Anderson and **Aida Vatrenjak** presented the IASB proposals responding to the users' requests for more comparability and transparency in the financial statements such as new defined subtotals and categories of the income statement, separate presentation of the results of associates and joint ventures, analysis of operating expenses by function and by nature and targeted improvements to the statement of cash flows, such as operating profit being the consistent starting point of a cash flow statement and the removal of some classification options.

Chiara Del Prete presented EFRAG views on the IASB proposals. The EFRAG TEG Chairwoman welcomed the introduction of new subtotals and categories as they improve comparability, noted the necessity to test the new definitions and proposals in practice and asked for views of constituents on the costs and practicability of the IASB proposals for conglomerates. She also questioned the necessity of separating integral and non-integral associates and joint ventures, asked for views of constituents on the mix approach of presenting the income statement and on including EBIT or EBITDA in the scope of MPMs.

She also suggested the IASB to consider revising IAS 7 *Statement of Cash Flows* to ensure its consistency with the current project proposals.

New subtotals and categories

Hans Buysse, who moderated the User Round Table, noted that the ED introduced an operating, an investing and a financing category in the income statement and asked whether panel members agreed with this new structure. He also asked whether panel members agreed with the new subtotal 'operating profit or loss' or whether they would prefer another subtotal such as EBIT or EBITDA.

Peter Malmqvist welcomed the IASB's proposal to require the presentation of the new subtotal 'operating profit or loss' as currently there was diversity in practice on its definition and use, particularly on the presentation of the results of associates and joint ventures, which were sometimes included within operating profit of loss. He noted his preference to have only the results of consolidated subsidiaries in the operating category of the income statement.

Nonetheless, he did not find very useful the new separate subtotal 'operating profit or loss and income and expenses from integral associates and joint ventures' as, in his view, it gave too much emphasis to the results of associates and joint ventures. He explained that most associates in Sweden were integral, therefore, he saw no need for summarising the results of associates in an extra-line of the income statement.

Finally, he considered that there was no need to define EBIT or EBITDA. He noted that 'profit before financing and income tax' was already very close to EBIT and, therefore, very useful to present earnings of a company. EBITDA, in his opinion, required presenting operating expenses by nature and was in general a very confusing concept.

Stefaan Genoe welcomed the IASB proposals to define and require the subtotal 'operating profit or loss'. He further explained that he did not use EBITDA as a starting number and basis for his analysis, as it was more subject to management judgement compared to operating profit. EBITDA was impacted by capitalisation and amortisation of certain costs and, therefore, more difficult to analyse.

Integral and non-integral associates and joint ventures

Hans Buysse asked panel members' views, as analysts, about the IASB proposal to present separately the results from integral and non-integral associates and joint ventures. In particular, whether this approach was useful and whether it was going to facilitate their analysis or/and improve comparability.

Stefaan Genoe was not convinced about requiring entities to make the distinction between integral and non-integral associates and joint ventures. He highlighted that the new line 'income from associates and joint ventures' included income tax and, therefore, he would not welcome having the results of associates and joint ventures within a new subtotal 'operating profit or loss and income from associates and joint ventures'. He considered that in this case it would be useful to have pre-tax information. The new subtotal could be misinterpreted as being pre-tax and the number could be incorrectly used for the calculation of multiples.

Marietta Miemietz was concerned about the distinction between integral and non-integral as it was very subjective. She expressed concerns about the significant judgement involved in this definition. If an entity classified its investment as non-integral, it would raise many questions from users, from the management of the associates and joint ventures and from the investment partners, who would question the entity's commitment to its investment. In her opinion, the way the spit will be realised by preparers could be influenced by the intention to retain that business and could lead to many reclassifications and confusion and would add nothing from an analytical perspective.

She considered the *Primary Financial Statements* project as very valuable as it was creating more transparency in respect of management performance. The analysts need to be able to analyse the cash flows but there was no need to have the operating profit margin including the results of associates and joint ventures.

Peter Malmqvist considered that the requirement to distinguish integral and non-integral associates and joint ventures was going to confuse users. In his opinion, most of the operating earnings would include the results of integral associates and joint ventures, he did not expect to see many companies having non-integral associates and joint ventures.

Analysis of expenses by nature or by function

Hans Buysse asked panel members' views which presentation (by nature or by function) they preferred and whether the IASB should allow a mixed approach.

Stefaan Genoe considered that the presentation of operating expenses by nature provided numbers that can be better used for forecasting future cash flows. He considered that the presentation of operating expenses by function was more an allocation exercise, making the comparison between the companies more difficult. In his opinion, the presentation choice related to the business of the company. He highlighted the importance of having a common practice within an industry for comparability reasons and the need for the IASB to provide guidelines in this area.

Marietta Miemietz explained that she needed the presentation of operating expenses by function to analyse the financial statements of companies, particularly in the pharmaceutical industry. Ideally, companies should provide the information by function and then disclosures by nature per each line item ('matrix presentation'). She acknowledged however that providing such information would be very costly for preparers. Nonetheless, it would be useful to have more disaggregation and granularity on the face of the financial statements when companies use a by function basis.

Peter Malmqvist noted that 80% of the companies he analysed used by function presentation. In addition, companies were required by legislation to present the information by nature in the notes. The only entities having by nature presentation were retail and service companies. In his opinion, by function was superior presentation for the income statement of manufacturing companies for example.

SLIDO Q&A: *What is the reason for not requiring the analysis by function in the notes when analysis by nature is presented on the face?*

Marietta Miemietz commented that one of the reasons for not doing so was that it would be hard to establish where the expenses would have been allocated if they were originally presented on a by nature basis.

Nick Anderson added that there was no demand from users to present the disclosure by function in the notes. In addition, it was impracticable for preparers to make this allocation. He agreed that ideally users would like to see a matrix presentation of the income statement but noted that the costs of doing so would be prohibitive for preparers.

SLIDO Q&A: *Assuming goodwill impairment is an operating expense, is it a fair understanding that it is a valid line item for both presentation by nature and by function?*

Peter Malmqvist responded that it would be strange if an impairment expense would be included in another line item than impairment.

Statement of Cash Flows

Hans Buysse asked panel members' views about the consequences of the new categories in the statement of profit or loss not being aligned with the statement of cash flows. He also asked if it was useful to start the statement of cash flows (indirect method) with the operating profit (rather than net profit) and if the removal of options for the classification of interest and dividend cash flows stroke the right balance between comparability and relevance.

Peter Malmqvist responded that he was pleased with the current structure of the cash flow statement. He welcomed the IASB proposal on removing the option for classification of the interest costs. In his opinion, it was important to eliminate the uncertainties and he would prefer to have these cash flows in the operating section.

Stefaan Genoe welcomed the IASB proposal to start a cash flow statement with an operating profit or loss. In his opinion, it was the most natural way of presenting the information, even though the categories of the two statements were not aligned. He considered that interest income and expense were part of financing cash flows.

Marietta Miemietz explained that to build the cash flow statement, most analysts would start with the profit or loss, then consider investment needs and working capital requirements and then build a balance sheet. After that, the cash flow statement would be constructed automatically using the indirect method. The ability to generate cashflows is how analysts judge the quality of the entity's business model. In this context, she highlighted the importance of consistency of the components of the primary financial statements to diminish the risk of errors.

SLIDO Q&A: *Are the new categories defined in the same way as in cash flow statement?*

Marietta Miemietz responded that they were not completely consistent, however the goal of the IASB was to have more transparency and granularity in the income statement. She suggested that the deficiencies in the cash flow statement could be addressed by the IASB at a later stage but not necessarily as a part of this project.

Nick Anderson responded that cohesiveness approach was not targeted specifically by the IASB. He referred to the IASB's previous project focused on the cohesiveness approach, which had not been welcomed in the past.

> ***SLIDO Q&A:*** *Will the FASB move towards classification by nature? Classification by nature also ties well into costs to fulfil a performance obligation.*

Peter Malmqvist did not consider that the FASB would go in this direction as by function presentation was the best way to analyse a complex business.

Aida Vatrenjak reminded that the FASB did not have the equivalence of IAS 1 *Presentation of Financial Statements* and the U.S. Securities and Exchange Commission deals with presentation requirements. In the past the FASB worked on a project of analysing cost of sales which was put on hold and might be revisited in the future.

> ***SLIDO Q&A:*** *Is it proposed that share of profits from integral & non-integral associates and joint ventures is on pre-tax basis? Also is not "integral" too judgmental? Is this aligned to IFRS 10?*

Peter Malmqvist responded that integral and non-integral was very arbitrary separation but should not be an issue for most companies as the majority of associates and joint ventures should be integral.

Marietta Miemietz added that users ideally would like to get the information about the results of associates and joint ventures on both: pre- and post-tax basis. Disclosures about tax effects in the notes would be a good solution, as the results on the face of the income statement were shown post-tax.

Nick Anderson confirmed that it was post tax numbers and explained that many companies had asked to include the results of integral associates and joint ventures as a part of an operating profit. Therefore, the goal was to preserve the operating number reflecting consolidated main business activities and have subsequently the subtotal 'operating profit or loss and income and expenses from integral associates and joint ventures'.

> ***SLIDO Q&A:*** *Will it still be possible to have other sub-totals within the operating category, in particular with a presentation by function?*

Peter Malmqvist noted that if a company presents the operating expenses by function, it would be strange to not allow companies to continue to present other subtotals such as gross profit, which is currently allowed or even required under the EU legislation. However, if a company presents the operating expenses by nature, it would be impossible for it to present a gross profit and, therefore, should be prohibited. Finally, companies that present operating expenses by nature should be able to present EBITDA as it fits their income statement structure.

Aida Vatrenjak complemented that it would be possible to present additional sub-totals, provided they fit the structure of the statement of financial performance and its presentation by nature or by function.

> ***SLIDO Q&A:*** *What does the panel feel about the usefulness of this "facelift' for assessing management performance and particularly, stewardship function of management?*

Peter Malmqvist considered useful to have operating profits of subsidiaries that are controlled and consolidated, whereas associates that are not controlled should be presented separately. He welcomed the IASB proposals in this respect.

Marietta Miemietz pointed out that any additional granularity helped to assess operating and management performance, but not all aspects of stewardship were being addressed by this project. For example, the disclosures of the performance of past acquisitions to see how they are actually performing and therefore, assessing management stewardship on the capital invested.

Nick Anderson reminded that the IASB has recently issued a discussion paper Business Combinations—Disclosures, Goodwill and Impairment which addresses Marietta's comment on subsequent performance of business combinations.

Concluding remarks *General Presentation Requirements*

Serge Pattyn summarised that the PFS project started upon request from users for more comparability, more transparency and to avoid diversity in practice.

He noted that, in general, speakers welcomed the IASB proposals. He noted concerns about the distinction of integral and non-integral associates and joint ventures as it was perceived very judgemental and mixed views on the presentation by function or by nature. In this regard he highlighted the importance of comparability between companies. He noted that the IASB proposals on cash flow statement were very well received, although there was still some work to do.

He concluded that, in general, the IASB proposals were well received, but there was still room for improvement.

General Disclosure Requirements

Discussion

Nick Anderson presented the IASB proposals responding to the users' requests for more comparability and transparency in the financial statements by providing more structure and improving the content of the income statement, more granular information through disaggregation requirements and better information about key non-GAAP measures.

Aida Vatrenjak presented the main principles for disaggregation aiming to ensure that all material information was properly disclosed, the new requirement to identify unusual income and expense, together with the new definition of items with limited predictive value.

Nick Anderson explained that the IASB has defined a subset of key non-GAAP performance measures, called management performance measures (MPMs), and proposed to disclose and reconcile these MPMs with IFRS-defined measures in a single note to the financial statements.

Chiara Del Prete presented EFRAG views on the IASB proposals. She welcomed the new guidance on disaggregation and mentioned that EFRAG Early Stage Analysis showed that the line item "other" could amount up to 10% of net assets of some entities without any description provided. She also supported the IASB efforts to create a definition of unusual items but questioned if the focus on non-recurring for future periods items was the best approach.

The EFRAG TEG Chairwoman noted that the IASB proposals on MPMs were extensively discussed within the EFRAG working groups. She expressed support for creating more discipline around the use of MPMs, mentioned that in Europe ESMA guidelines cover already many aspects around such performance measures and questioned if the scope of the IASB proposals relating to any financial communications outside the financial statements was not too broad.

She mentioned that EFRAG was seeking views of constituents on the costs related to the implementation of the proposals.

Management Performance Measures

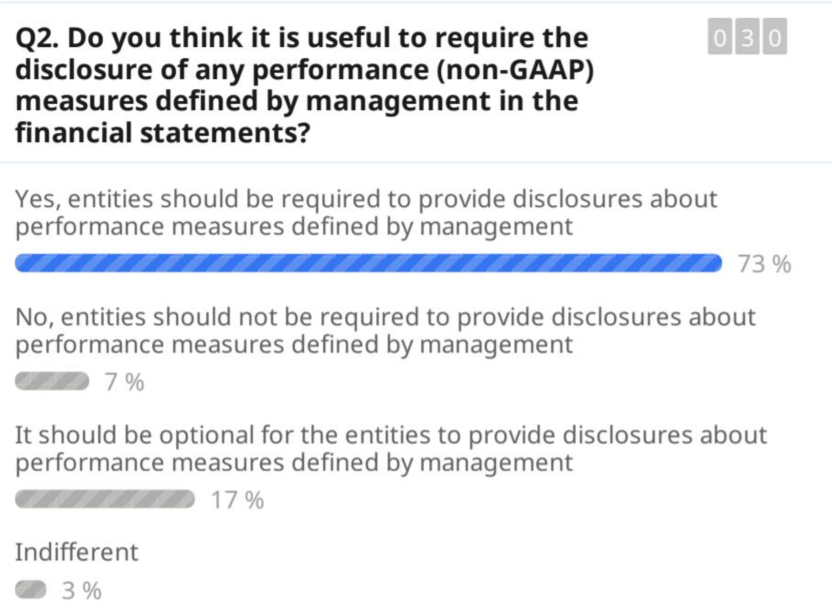
Hans Buysse introduced the panel members and asked whether in their opinion non-GAAP Measures, Alternative Performance Measures (APMs), Management Performance Measures (MPMs), Non-Financial measures, etc were all the same and whether a set of MPMs per sector should be defined. He noted that APMs defined by ESMA cover more measures than the MPMs defined by the IASB, for example ratios and non-financial measures and questioned if such measures should be included in the scope of MPMs.

Marietta Miemietz noted that APMs and MPMs were useful and widely used in practice, in particular from her own experience following the pharmaceutical sector, because they were easier to forecast than IFRS figures and they were necessary for analytical purposes. However, she noticed that each company used their own performance measures, even if there was some element of peer benchmarking. She noted that in the pharmaceutical sector, the non-IFRS earnings were often significantly higher than IFRS earnings. Therefore, to avoid abuse, she would welcome more discipline on the use of MPMs and setting clear rules for their calculation and reconciliation. In her view, the auditability of the MPMs proposed by the IASB would give users additional confidence. She added that MPMs were used for three main analytical purposes: (i) to smooth earnings, (ii) to get closer to cash earnings and (iii) to isolate a company's operating profit from other market impacts. As the main objective of these measures was to help users to calculate their personalised performance measures, she considered that the IASB proposals were helpful as they would introduce more discipline and transparency on their use. She did not consider useful to have predefined MPMs per sector.

Peter Malmqvist agreed that both management and users calculated their own performance measures. In his opinion, non-financial performance measures (e.g. organic growth) were important but should not be presented together with financial performance measures, which were derived from the income statement. He also considered that the IASB should not focus on non-financial performance measures as they were very subjective and difficult to reconcile to IFRS numbers.

He added that many of the financial adjustments made by management were related to restructurings and impairments (mostly of goodwill or fixed assets), legal claims and gains and losses from the sale of shares or fixed assets. He noted that these adjustments, which could be individually insignificant, could sum up to roughly 11-12% of the earnings of an average Swedish company and had a cyclical nature.

He considered that adding a collective label of 'unusual items' would be misleading and could give company a possibility of smoothing out its earnings especially if such unusual items were presented net on the face of the statement of financial performance. Instead, he suggested the IASB to require explanations of unusual items as this information was very important to the analysts to identify the core earnings of an entity, even in the interim financial statements. He did not consider that companies would incur extra costs of producing the MPMs reconciliations as the information should already be available for internal purposes.



Hans Buysse summarised the results of the poll question noting that overwhelming majority of the respondents considered that the MPMs disclosures should be required.

SLIDO Q&A: *Will gross profit be an MPM?*

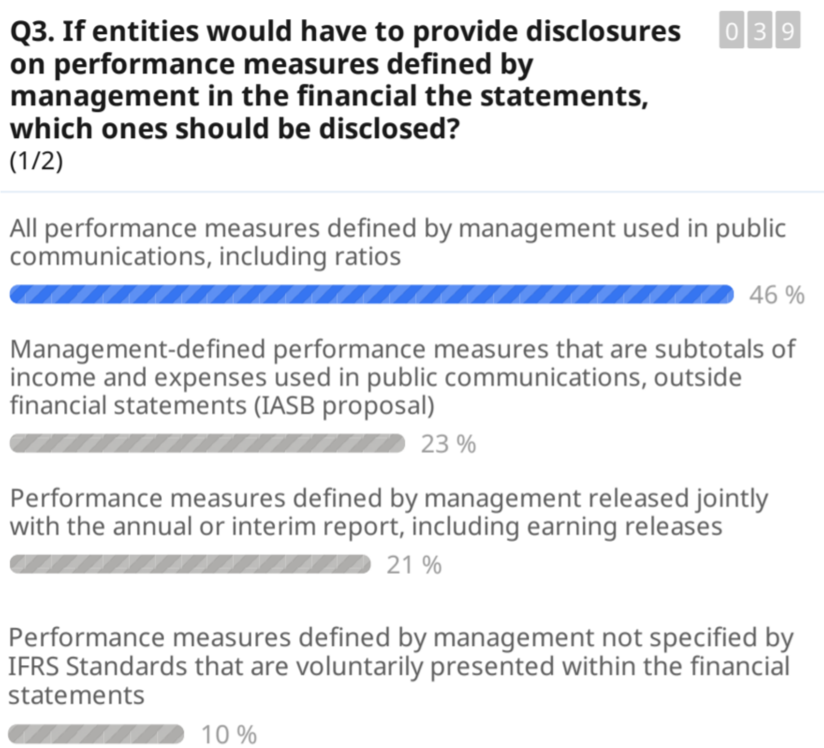
Aida Vatrenjak responded that the subtotal *gross profit* was an IFRS-specified measure and therefore was not considered to be an MPM and hence no disclosures were required.

Marietta Miemietz added that *gross profit* was a fundamental measure for the analysts, nonetheless she would welcome more disaggregation and granularity when entities analyse their operating expenses by function.

Disclosures on Management Performance Measures

Hans Buysse summarised the next questions and asked panel members what disclosures on MPMs were critical for investors, if they believed that these MPMs were well addressed, and whether the IASB should consider the presentation of net debt/working capital and other popular measures.

Stefaan Genoe explained that the reconciliations of MPMs with IFRS numbers were very important as they helped analysts to determine which items had been included in 'adjusted profit' or 'adjusted EBITDA'. He added that non-profit or loss items could also be important for analysts, for example 'net debt' would give an indication of how free cash flow was being generated. He also stressed the importance of having a consistent upfront definition of the adjustments to EBITDA or any other MPM to avoid profit management, enhance comparability and to enable analysts to judge the real performance of the company.



Marietta Miemietz highlighted that she would like to see separate disclosure of items not related to the core business of the company, particularly if it was a large amount distorting an overall picture. For example, if a particular line item was heavily distorted by some unusual costs (legal settlements, restructuring, etc) it should be flagged.

Presentation of Management Performance Measures

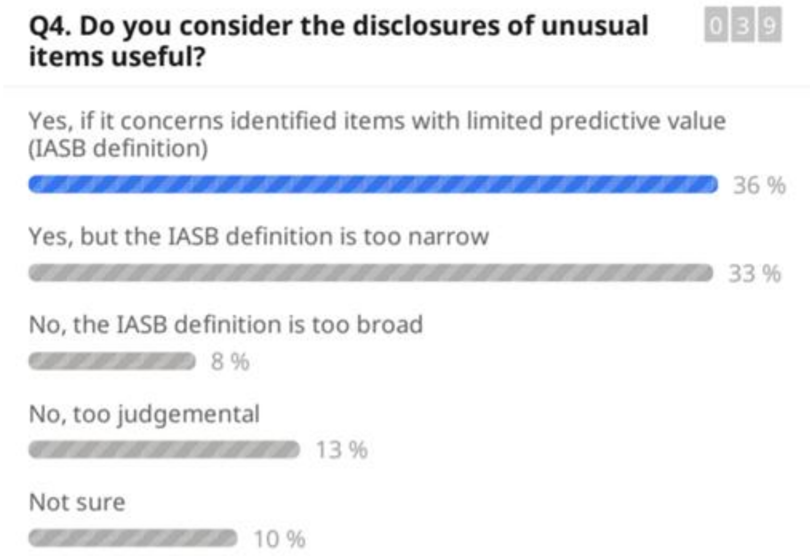
Hans Buysse asked panel members whether companies should be able to present MPMs on the face of the income statement and should MPMs be obligatory or voluntary.

Peter Malmqvist was not in favour of presenting MPMs on the face of the income statement as in his view it could be an incentive to present a smoothen earnings figure, like ‘earnings before unusual items’. He considered, however, appropriate to present EBITDA if an income statement was presented by nature or *gross profit* if it was presented by function.

Stefaan Genoe agreed that presenting MPMs on the face of the income statement offered an opportunity to impose to users the numbers management wanted them to focus on. He considered that it was important to focus on IFRS numbers with adjustments explained separately and presented on a consistent basis. In his view, consistent and clear disclosure of MPMs was more important than presenting them on the face of the income statement.

Unusual items

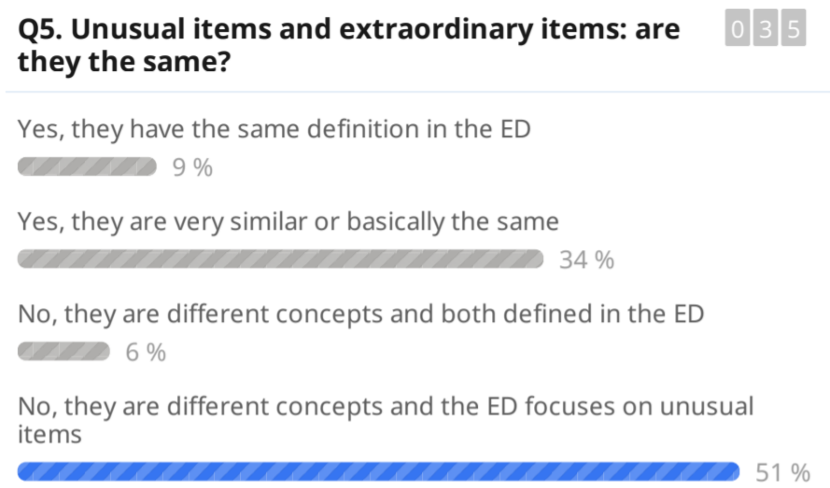
Hans Buysse noted that the new definition of unusual items was a hot topic, suggested to have a view of the audience on that, asked panel members whether the IASB proposed definition struck the right balance, if there was a difference between unusual and extraordinary items and whether unusual items should be allowed on the face of the income statement.



Marietta Miemietz suggested that instead of arguing what was usual or not (users do not benefit from discussing the semantics in terms of definitions of unusual, extraordinary items, etc), the IASB should clearly define the items that should always be disclosed (e.g. restructuring). This would help analysts to forecast future profits and cash flows based on the reported numbers.

Stefaan Genoe added that the unusual items would be very difficult to define and suggested the IASB to be careful about semantics as the notion of unusual and extraordinary items may raise issues when translated to other languages.

In his view, the explanation of this term was crucial. For example, he questioned whether Covid-19 situation would meet the definition of unusual item or should be considered as part of the business environment of the company. He also questioned if the activities like scaling down of businesses, restructuring or investing in other business, should be considered as unusual. In his opinion, it would be difficult to define and separate the unusual items and, therefore, the consistent and continuous disclosure was key.



Peter Malmqvist explained that labelling items as unusual or extraordinary was not helpful. He needed more explanations about such items that have an impact on comparability but not tagging. He referred to some companies already presenting adjustments to their IFRS numbers. In his view, this information was very helpful as it was providing management views on the company results.

Hans Buysse noted that he had number of questions from the audience about Covid-19 and asked the views of the panellists.

SLIDO Q&A: *By COVID-19, many companies will decrease sales and profits. Is this fluctuation treated as unusual income and expense?*

Peter Malmqvist referred to a Swedish company that had suffered a substantial decline of sales due to Covid-19 and that its quarterly report was focused on the explanations of this impact. He highlighted that management explanations in such situations, including their future developments were very important and not the definitions of unusual or extraordinary.

Marietta Miemietz did not expect to see the adjustments for Covid-19 in the financial statements. In her opinion, companies should not provide scenarios of better results without Covid-19, but could provide narrative commentary.

Stefaan Genoe considered that it was not useful to have a subjective number reflecting the impact of Covid-19 because it would create more uncertainty and less clarity as to what was behind this number.

Hans Buysse asked the IASB members if Covid-19 impact would be relevant in new IFRS implementation.

Aida Vatrenjak reminded that unusual items definition applied only to recognised income and expenses, and thus, for example, not recognised revenue was not captured. She also reminded that the definition of unusual depended on the company's assessment of the future and the probability of occurrence of the item in several future reporting periods. She highlighted that currently it was impossible to say if the Covid-19 situation would recur and noted that its impact was so pervasive that it would not be possible to separate it in single line items.

SLIDO Q&A: *How will materiality and confidentiality be taken into account with regards to disclosure of unusual items? E.g. if important in a Business Unit, but not for the Group.*

Marietta Miemietz welcomed more detailed disclosures of the material unusual items, such as their split over various reporting segments. She added that companies do not have to disclose the confidential nature of the unusual items.

Nick Anderson reminded that materiality was a pervasive concept running through the standards not depending on the size but on the nature of the item and on the impact on the decisions of the users. He also reminded that restructuring expenses, mentioned several times earlier, should be disclosed in accordance with the existing requirements of the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

SLIDO Q&A: *Companies often disclose performance measures based on items in the cash flow statement (e.g. capex, free cash flow). Why aren't these considered as part of MPMs?*

Nick Anderson noted that disclosures around MPMs was a controversial topic and added that many adjustments to performance measures made reference to cash flows. He explained that these measures, including free cash flow required significant judgement, for example what was the underlying CAPEX investment, and for which period it should be considered? However, he noted that definition of MPMs maybe reconsidered later by the IASB.

Stefaan Genoe commented that these APMs (CAPEX and free cash flow) could be considered in the future but noted their judgemental nature. He suggested to start with MPMs related to profit or loss and first clear the questions around current IASB proposals.

SLIDO Q&A: *Are you not getting a sense that a general consensus is that providing operational expenses by nature will be more useful and therefore required?*

Nick Anderson responded that the IASB was still in the consultation period, gathering and analysing the comments on their proposals. He confirmed that users considered reporting by nature helpful but he would wait for the end of the consultation before drawing any conclusions.

Concluding remarks *General Disclosure Requirements*

Serge Pattyn gave a wrap-up of the discussion. He welcomed the IASB proposals and noted that this project was very important for users of financial statements. He noted the variety of the MPMs existed and their importance for users. He also noted that the performance measures could sometimes be abused by the companies for marketing purposes.

He further highlighted the importance of reconciliations and disclosures of the MPMs. He noted that the IASB proposals were only referring to profit or loss and that the IASB could consider including other MPMs in the scope later. He concluded that users had a strong believe in IFRS numbers and did not need to have MPMs on the face of the income statement.

He continued that a discussion about unusual items was difficult, users struggled with the new definition, highlighting the complexity of dealing with it in practice and comparability issues between the reporting periods. In his opinion, the discussion on Covid-19 made clear how difficult it would be to integrate this new concept into the IFRS framework.

He concluded that the work of an analyst was to analyse and that the IASB proposals were a step forward in this direction.

Saskia Slomp thanked the speakers and panellists, invited the audience to participate in future webinars and closed the meeting.