Grant Thornton

Appendix E

IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 'Presentation and Disclosure in Financial Statements'. This will replace the existing presentation standard – IAS 1 'Presentation of Financial Statements' which has been in use for many years.

Contents of this appendix

This appendix illustrates some of the key changes to the Example Financial Statements that would be required if the Group had (early) adopted IFRS 18 in the year ended 31 December 2025. It includes an example IFRS 18 consolidated statement of profit or loss and example transition disclosures, and illustrates the new disclosures about management-defined performance measures and disclosures of specified expenses by nature required by IFRS 18. It also contains guidance on why no changes have been made to the statement of financial position as a result of the Group adopting IFRS 18.

As entities early adopting IFRS 18 are also required to apply the consequential amendments to other standards (including changes to IAS 7 'Statement of cash flows') at the same time, this appendix also includes a restated statement of cash flows and related transition disclosures illustrating the IFRS 18 amendments to IAS 7.

This appendix does not represent a full set of IFRS 18 example financial statements, and should not be used as such.

This appendix is not intended to illustrate every potential change that could be required as a result of the adoption of IFRS 18. The 'IFRS 18 at a glance' section of this Appendix provides a high-level overview of the standard. For more information on the impact of IFRS 18, please see our publication '**Get ready for IFRS 18**'.

IFRS 18 at a glance

- IFRS 18.C1 — Applicable for annual reporting periods commencing on or after 1 January 2027, with earlier application permitted.
- General requirements for the financial statements have been carried over from IAS 1.
- IFRS 18.41-43 — Revised principles for aggregation and disaggregation of information in the primary financial statements as well as in the notes, with newly defined roles for the primary financial statements and the notes.
- IFRS 18.114 — A clear linkage between the information in the primary financial statements and the related note disclosures is required.
- IFRS 18.117-125 — New disclosure requirements in relation to management-defined performance measures (MPMs).
- Significant changes to the statement of profit or loss:
  - IFRS 18.69 — Two new subtotals to be presented:
    - 'Operating profit or loss', and
    - 'Profit or loss before financing and income taxes'
  - IFRS 18.47 — Classification of income and expenses into five distinct categories:
    - Operating
    - Investing
    - Financing
    - Income taxes
    - Discontinued operations
- IFRS 18.49-50 — Specific classification requirements apply to entities with 'specified main business activities' of either investing in the assets specified by IFRS 18 'investing in assets' or providing finance to customers.
- The statement of comprehensive income and statement of changes in equity remain unchanged.
- IFRS 18 App D, IFRS 18.103(d) — Some limited changes to specific requirements for the statement of cash flows and statement of financial position.
- IAS 8.6A-N, IAS 8.27A-I, IAS 8.31A-I — IAS 1 requirements in relation to fair presentation and compliance with IFRS Accounting Standards, going concern, the accrual basis of accounting, disclosure of an entity's selection and application of accounting policies and disclosure of sources of estimation uncertainty have been moved unamended to the renamed IAS 8 'Basis of Preparation of Financial Statements'.

Entities with specified main business activities

Guidance note: Specified main business activities

IFRS 18.49-51

IFRS 18 introduces the concept of entities with 'specified main business activities' of investing in assets or providing finance to customers. An entity with one (or both) of these specified main business activities classifies specific income and expenses in the operating category in the statement of profit or loss that would otherwise be classified as investing or financing. In addition, particular requirements have been added to IAS 7 in relation to the classification of dividends received, and interest received and paid in the statement of cashflows for entities with 'specified main business activities'. If an entity invests in assets or provides finance to customers as a main business activity it must disclose that fact.

In this Appendix to the Example Financial Statements, the example statement of profit or loss and example statement of cash flows are presented on the basis that the Group as a whole does not have either of the specified main business activities (ie neither investing in assets nor providing financing to customers).

IFRS 18.B37

Guidance note: Specified main business activities (continued)
This assessment is done at the level of the reporting entity as a whole (in this case the consolidated group). Therefore, the assessment for a reporting entity that is a subsidiary within the group could result in a different conclusion. In other words, the subsidiary's classification of income and expenses may be different from the group's, ensuring each reporting entity discloses its main business activities appropriately. Likewise, the main business activities for the parent's separate financial statements could be different to the main business activities for the consolidated financial statements.

Consolidated statement of profit or loss (by mix of function and nature)

For the year ended 31 December 2025
(expressed in thousands of Euroland currency units (CU))

		Notes	2025	2024 (restated)	IFRS 18 Categories[1]
	Revenue	8	**204,727**	190,200	Operating
	Costs of sales	X	**(110,526)**	(103,918)	Operating
IFRS 18.24	**Gross profit**		**94,201**	**86,282**	Operating
	Distribution costs	X	**(12,014)**	(11,537)	Operating
	Administrative expenses	X	**(57,652)**	(55,489)	Operating
	Reversal of restructuring provision/ (restructuring expenses)	23	**510**	(980)	Operating
	Research and development costs	X	**(1,690)**	(1,015)	Operating
	Goodwill impairment loss	10	**(799)**	(190)	Operating
	Other operating income and gains	27, 28	**1,366**	2,197	Operating
	Other operating expenses	5	**(948)**	(670)	Operating
IFRS 18.69	**Operating profit**		**22,974**	**18,598**	
	Share of profit from equity accounted investments	7	**391**	141	Investing
	Income from investment property	9, 14	**1,065**	1,203	Investing
	Fair value movements and income on investments	27, 28	**840**	485	Investing
IFRS 18.69	**Profit before financing and income taxes**		**25,580**	**20,427**	
	Interest expenses on pension liability	27	**(505)**	(549)	Financing
	Interest expenses on borrowings and lease liabilities	27	**(3,414)**	(3,354)	Financing
IFRS 18.24	**Profit before tax**		**21,661**	**16,524**	
	Tax expense	29	**(6,794)**	(4,888)	Income taxes
IFRS 18.24	**Profit for the year from continuing operations**		**14,867**	**11,636**	
	Loss for the year from discontinued operations	20	**(9)**	(325)	Discontinued operations
IFRS 18.69	**Profit for the year**		**14,858**	**11,311**	

1 Please note that this 'IFRS 18 Categories' column is not required on the face of the consolidated statement of profit or loss. It is provided for reference purposes only.

Guidance note: New subtotals required

IFRS 18 introduces two new subtotals which must be reported in addition to the existing 'profit or loss' total.

- Operating profit or loss
  This subtotal comprises all income and expenses classified in the operating category. It is important to note that the operating category includes but is not limited to income and expenses from an entity's main business activities, including items which management may consider volatile or non-recurring. It is the 'default' classification for income or expenses that do not fall within any of the other categories.
- IFRS 18.24 Profit or loss before financing and income taxes
  This subtotal is made up of operating profit or loss, together with all income and expenses classified in the investing category.

IFRS 18 requires the presentation of additional subtotals where necessary to provide a useful structured summary. In these Example Financial Statements additional subtotals of Gross profit, Profit before tax, and Profit for the year from continuing operations have been presented for the purpose of presenting a useful structured summary. Determining which subtotals are required to be presented requires management judgement based on the nature and circumstances of the entity.

Classification of income and expenses by category

IFRS 18 contains prescriptive guidance on how to allocate income and expenses between categories. Once the prescriptive requirements have been applied, any income or expenses that do not meet the criteria to be classified as investing, financing, tax or discontinued operations are classified as 'operating'.

The classification of income and expenses into IFRS 18 categories can be complex, particularly in relation to derivatives. Please see our publication '**Get ready for IFRS 18**' for further guidance.

In these Example Financial Statements, applying IFRS 18 has led to some changes in classification, as disclosed in the transition disclosures **below**.

Guidance note: The roles of the primary financial statements and notes, aggregation and disaggregation, and descriptions of items

IFRS 18.16
IFRS 18.24
The use of additional subtotals and the appropriate level of aggregation and disaggregation will require judgement and must be based on the principle that the primary financial statements provide a useful structured summary.

IFRS 18.B16-B26
It is important to consider the different roles of primary financial statements and notes in deciding whether to present an item of information separately in the financial statements, to aggregate it with other information or to disclose the information in the notes. The role of the primary financial statements is to provide useful structured summaries whereas the role of the notes is to provide material information necessary to understand the line items presented in the primary financial statements and to supplement the primary financial statements. Items are aggregated on the basis of shared characteristics and disaggregated based on characteristics that are not shared. Where items that are aggregated in the primary statements for the purposes of providing a useful structured summary have sufficiently dissimilar characteristics that information about the disaggregated items is material, this information should be disclosed in the notes. IFRS 18 requires an entity to label and describe items presented or disclosed in a way that faithfully represents the characteristics of the item.

Please see our publication '**Get ready for IFRS 18**' for further guidance.

In presenting the consolidated statement of profit or loss above, certain judgements have been made about the level of disaggregation and aggregation, and the labels to use to describe line items. These judgements are discussed in the **transition note in the next section**. However, these judgements about what information is necessary in order to present a useful structured summary and what represents material information are entity specific, and depend on the specific characteristics of the entity's income and expenses. Consequently, the presentation below is not intended to represent the most useful structured summary for all entities.

Guidance note: Presentation by nature or by function

IFRS 18.16
IFRS 18.78-81

The example consolidated statement of profit or loss above illustrates the presentation of operating expenses by a mix of function and nature. However, it is important to note that while IFRS 18 now permits an entity to classify and present operating expenses in the operating category of the statement of profit or loss using the characteristics of the nature and/or the function of the expenses, judgement is required, as IFRS 18 does not permit expenses to be classified and presented using an arbitrary mixture of the characteristics of the nature and function of the expenses. That is, any individual line item must comprise operating expenses aggregated on the basis of only one of these characteristics, however, the same characteristic does not have to be used as the aggregation basis for all line items. Management judgement will be required to determine whether classification and presentation of operating expenses by nature or function, or the presentation of some expenses by nature and other expenses by function provides the most useful structured summary.

IFRS 18.B80-B81

Whether a ‘by nature’, ‘by function’, or ‘mixed’ presentation provides the most useful structured summary of expenses will depend on the main components or drivers of profitability, the way the business is managed and how management reports internally, standard industry practice, and whether allocation of particular expenses to functions would be arbitrary. This Appendix illustrates transition for an entity that previously presented a ‘by function’ presentation (as illustrated in Appendix A to the Example Financial Statements), where cost of sales is a key driver of profitability for the Group, and gross profit is used for internal monitoring purposes, and is a key measure used by investors for benchmarking in the industry.

In the main body of the Example Financial Statements which are presented in accordance with IAS 1, the Group used a ‘by nature’ presentation in the consolidated statement of profit or loss and in its segmental reporting (Note 9). If, for example, standard industry practice is to report by nature, expenses classified by nature rather than cost of sales are a main driver of profitability, and an entity reports internally on expenses classified by nature, then a classification by nature of expense could be more appropriate.

Guidance note: Earnings per share

IFRS 18 App D
IAS 33.73B-C

The earnings per share figures have not been replicated in this Appendix, as the Group did not choose to disclose additional amounts per share, as permitted by the consequential amendments to IAS 33 ‘Earnings per Share’.

Guidance note: Related financial statement notes

This appendix does not include all the related financial statement notes supporting the consolidated statement of profit or loss. The note references included in the illustrative consolidated statement of profit or loss above are presented for illustrative purposes only. References given relate to the closest equivalent financial statement note in the main Example Financial Statements prepared in accordance with IAS 1, or to the new ‘Disclosure of information about specified expenses by nature’ note (labelled Note X) illustrated below. Due to the reclassification adjustments set out in the transition disclosures in the next section, numbers in the IAS 1 notes do not necessarily tie to the numbers in the illustrative IFRS 18 consolidated statement of profit or loss.

Guidance note: Disaggregation of revenue

IFRS 15.114-115

In the Example Financial Statements prepared in accordance with IAS 1, reclassification gains and losses in relation to designated cash flow hedges of forecast foreign sales are presented within revenue on the face of the statement of profit or loss. To meet the disclosure requirements in IFRS 15 'Revenue from Contracts with Customers', revenue is disaggregated in the notes to the financial statements (Note 8).

IFRS 18.B70
IFRS 18.B17

Under IFRS 18, these reclassification gains and losses are classified within the operating category, consistent with the classification of the revenues affected by the (foreign exchange) risks being managed. In preparing this appendix, consideration has been given to whether these reclassification gains and losses should be separately presented on the face of the statement of profit or loss (if necessary to present a structured summary). In this appendix, a judgement has been made that the hedge designation demonstrates the shared characteristics of the revenue and derivative used for hedging, and that aggregating the reclassification gains and losses with revenue in order to present revenue at the hedged rate provides useful information for the purposes of giving a useful structured summary. Revenue from contracts with customers and the hedge reclassification gains and losses would be disaggregated in the notes to the Example Financial Statements on the basis that this provides material information. However, we note that alternative presentations, and judgements about aggregation and disaggregation, may be possible.

Transition disclosures

Guidance note: Changes to presentation arising from IFRS 18

IFRS 18.C2
IFRS 18.C3

IFRS 18 requires retrospective restatement and qualitative disclosures of the change in accounting policy in accordance with IAS 8. However, instead of presenting the quantitative information set out in IAS 8.28(f), an entity is required to disclose a reconciliation for each line item in the statement of profit or loss for the comparative period between the amounts previously presented under IAS 1 and the amounts presented under IFRS 18.

In the reconciliation below, the previously stated figures are those presented in Appendix A 'Organising the statement of profit or loss by function of expenses'.

IFRS 18 transition disclosures

IAS 8.28

The Group has adopted IFRS 18 'Presentation and Disclosure in Financial Statements' for the first time in the year ended 31 December 2025. This has been applied retrospectively in accordance with IAS 8 (however quantitative disclosure information specified in IAS 8.28(f) is not required). Associated changes to IAS 7 have resulted in the restatement of the statement of cashflows, in order to present the statement of cash flows starting from IFRS 18 operating profit. Changes to other standards resulting from the adoption of IFRS 18 have not had a material impact on these financial statements.

IFRS 18 has introduced three new defined categories in the statement of profit or loss, being operating, investing and financing income and expenditure, and requires additional subtotals to be presented. Management have classified income and expenses on the basis the Group does not have a specified main business activity of either investing in assets or providing finance to customers. As a result of applying IFRS 18 the following adjustments have been made to the presentation of the statement of profit or loss for the year ended 31 December 2024:

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IFRS 18.C3

Reconciliation of the consolidated statement of profit or loss for the comparative period ended 31 December 2024:

	Amounts previously presented applying IAS 1	Note	Adjustment	Restated amounts applying IFRS 18
Revenue	191,228	A	(1,028)	190,200
Costs of sales	(103,918)		–	(103,918)
Gross profit	**87,310**		**(1,028)**	**86,282**
Other income	708	F	(708)	–
Distribution costs	(11,537)		–	(11,537)
Administrative expenses	(56,434)	B	945	(55,489)
Reversal of restructuring provision/ (restructuring expenses)	–	B	(980)	(980)
Research and development costs	(1,015)		–	(1,015)
Change in fair value of investment property	175	A	(175)	–
Goodwill impairment loss	–	B	(190)	(190)
Impairment losses of financial assets and contract assets	(228)	G	228	–
Other operating income and gains	–	D, E, F	2,197	(2,197)
Other expenses	(670)	C	670	–
Other operating expenses	–	C	(670)	(670)
Operating profit	**18,309**		**289**	**18,598**
Share of profit from equity accounted investments	141		–	141
Income from investment property	–	A	1,203	1,203
Fair value movements and income on investments	–	G, H	485	485
Profit before financing and income taxes	**–**		**20,427**	**20,427**
Interest expenses on pension liability	–	I	(549)	(549)
Interest expenses on borrowings and lease liabilities	–	I	(3,354)	(3,354)
Finance costs	(3,993)	H, I	3,993	–
Finance income	885	D, H	(885)	–
Other financial items	1,182	E, H	(1,182)	–
Profit before tax	**16,524**		**–**	**16,524**
Tax expense	(4,888)		–	(4,888)
Profit for the year from continuing operations	**11,636**		**–**	**11,636**
Loss for the year from discontinued operations	(325)		–	(325)
Profit for the year	**11,311**		**–**	**11,311**

Notes to the reconciliation of the consolidated statement of profit or loss

IFRS 18.53(c)
IFRS 18.54
IFRS 18.B46
IFRS 18.B25

A In the statement of profit or loss prepared in accordance with IAS 1, the Group presented rental income from investment property (2024: CU 1,028) within revenue, and presented changes in the fair value of investment property (2024: CU 175) as a separate line item above operating profit. Income and fair value movements on the investment property have been reclassified under IFRS 18 into a new aggregated line item within the investing category labelled 'Income from investment property'. These items are classified in the investing category under IFRS 18 as the investment property generates independent cash flows and the Group does not invest in assets as a main business activity. The aggregation of income and fair value movements on the investment property is considered to present a useful structured summary, and the labelling of these items describes the material element, being income from the investment properties.

IFRS 18.41
IFRS 18.78-79

B The Group has concluded that a mixed presentation of expenses by nature and by function provides the most useful structured summary. Presenting expenses by function most closely represents how management reports internally, and is standard practice in the industry. Cost of sales is a key driver of profitability for the Group, and gross profit is used for internal monitoring purposes, and is a key measure used by investors for benchmarking in the industry. In addition, restructuring expenses are considered to be different in nature from general administrative costs and therefore have been presented separately. Goodwill impairment is presented separately on the basis any allocation by function would be arbitrary.

IFRS 18.B26
IFRS 18.B49(f)

C Other expenses (2024: CU 670) have been relabelled other operating expenses to better reflect their nature. Other operating expenses consists of individual items for which information is not material, with the largest amount relating to the settlement of pre-existing relationships on a business combination (2024: CU 450, see note 5.2).

IFRS 18.B70
IFRS 18.B72
IFRS 18.41

D Fair value gains on forward exchange contracts held for trading (2024: CU 325) have been reclassified from finance income to the new aggregated line item, other operating income and gains – on the basis the forward exchange contracts are held to economically hedge forecast foreign currency sales, the gains have been classified in the operating category. Disaggregation of other operating income and gains on the face of the consolidated statement of profit or loss is not considered necessary to provide a useful structured summary.

IFRS 18.B65
IFRS 18.41

E The gain from other exchange differences (2024: CU 1,164) has been reclassified from other financial items to the new aggregated line item, other operating income and gains. This is classified in the operating category, as it relates to foreign currency gains and losses on trade payables and receivables where the associated income and expenses related to the balances are classified as operating. Disaggregation of other operating income and gains on the face of the consolidated statement of profit or loss is not considered necessary to provide a useful structured summary.

IFRS 18.B26
IFRS 18.41

F Other income (2024: CU 708), which is made up of a large number of transactions for which information is immaterial, has been aggregated into other operating income and gains, on the basis the description better reflects the operating nature of this income, and disaggregation of these amounts on the face of the consolidated statement of profit or loss is not considered necessary to provide a useful structured summary.

Guidance notes on the transition disclosures

IFRS 18.54

A Guidance note: Operating costs associated with investment property

As the Group does not invest in assets as a main business activity, specific income and expenses associated with the investment property are required to be classified in the investing category in accordance with IFRS 1 (as described in Note A above). Specifically, IFRS 18 requires income generated by the assets, income and expenses that arise from the measurement of the assets (including on derecognition), and the incremental expenses directly attributable to the acquisition and disposal of the assets to be classified in the investing category. As this list does not include all costs associated with the investment property, some costs associated with an investment property, such as the payment of business rates, will be classified in the operating category. The Group has classified these amounts as administrative expenses in both the IAS 1 'by function' presentation illustrated in Appendix A to the Example Financial Statements, and under the IFRS 18 'mixed' presentation illustrated in this Appendix.

IFRS 18.B49(f)
IFRS 18.52

C Guidance note: Income and expenses arising on a business combination

IFRS 18 requires income and expenses arising on a business combination (that includes assets that will give rise to income and expenses that will be classified in the operating category) to be classified within the operating category. The Example Financial Statements include gains and losses relating to the remeasurement of contingent consideration on a business combination, and the settlement of a pre-existing relationship on a business combination (Note 5). IFRS 18 specifically refers to a gain on a bargain purchase and remeasurements of contingent consideration as items that are included in the operating category. IFRS 18 does not explicitly refer to the settlement of pre-existing relationships on a business combination, but classification in the operating category is considered to be appropriate, as this is both consistent with the classification other income and expenses arising on a business combination, and consistent with the general principle in IFRS 18 that the operating category is the default category for income and expenses that do not meet the criteria for classification into one of the other categories.

IFRS 18.B65-B68
IFRS 18.B48-B49
IFRS 18.B53-B55

E Guidance note: Classification of foreign currency cashflows

Foreign exchange differences are included in the same category in the statement of profit or loss as the income and expenses from the items that gave rise to the foreign exchange differences, unless doing so would involve undue cost or effort. The undue cost and effort exemption is assessed for each item giving rise to foreign exchange differences. If the exemption applies, foreign exchange gains and losses from the relevant item are classified in the operating category.

This appendix illustrates a straight-forward situation where foreign exchange gains and losses only relate to foreign currency trade receivables or to foreign currency trade payables where the purchases are not made on extended credit terms and therefore do not include a financing element. As the foreign exchange gains and losses solely relate to income and expenses classified in the operating category, they are also classified as operating. However, in more complex situations where foreign currency gains or losses relate to transactions that do not involve only the raising of finance, such as foreign currency purchases on extended credit terms, classification requires more judgement. The exchange gain or loss from a transaction that does not involve only the raising of finance cannot be split between categories. Therefore, unless the undue cost and effort exemption applies, judgement will be required to determine whether the foreign exchange difference relates to the amounts classified in financing (the interest expense) or the amount classified in another category (eg the purchased goods or services classified in operating).

Notes to the reconciliation of the consolidated statement of profit or loss (continued)

IFRS 18.75(b)(ii)

G IFRS 18 requires the presentation of a line item (or line items) presenting impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of IFRS 9 'Financial Instruments', where necessary to present a useful structured summary.

IFRS 18.B25a

IFRS 18.41

The amount presented as impairment losses on financial assets and contract assets in accordance with IAS 1 is made up of amounts that relate to debt investments (assets generating a return individually and largely independently of the Group's other resources), which are classified in the investing category (2024: CU 3) under IFRS 18, and amounts that relate to trade receivables and contract assets, which are classified in the operating category (2024: CU 225) in accordance with IFRS 18. As the impairment losses in relation to debt investments are immaterial, these have been aggregated with fair value movements and income on investments, and as the immaterial information in relation to impairment of debt investments is not considered to obscure the fair value movements and income on investments figure, the label 'Fair value movements and income on investments' has been used. Impairment losses on trade receivables and contract assets have not been presented separately on the basis this is not necessary in order to present a useful structured summary, given impairment of financial assets is not considered to be subject to significant measurement uncertainty, and therefore separate presentation does not provide useful information to users. They are therefore aggregated into administrative expenses.

IFRS 18.53-54
IFRS 18.B46-B47

H Individually immaterial fair value gains and losses on investments, dividend and interest income on equity investments and cash and cash equivalents (totaling CU 488) have been reclassified from finance income and costs and other financial items to a new aggregated line item 'fair value movements and income on investments'. These are classified in the investing category under IFRS 18 as they relate to income and fair value movements from cash and cash equivalents and other assets that generate a return individually and largely independent of the Group's other resources.

IFRS 18.B78e
IFRS 18.56-61
IFRS 18.B50-B55

I Interest expenses on pension liability (2024: CU 549) and interest expenses on borrowings and lease liabilities (2024: CU 3,354) were previously included within a finance costs line item in accordance with IAS 1. Information about these amounts is considered to be material. They are considered to have sufficiently dissimilar risks associated with the underlying items, that disaggregation on the face of the consolidated statement of profit or loss is considered necessary for the purpose of giving a useful structured summary.

IFRS 18.B65

The interest expenses on borrowings and lease liabilities include interest expenses on both the borrowings and the lease liabilities, and foreign exchange loss on bank borrowings. IFRS 18 requires the interest expenses on borrowings (liabilities arising on transactions that involve only the raising of finance) to be classified in the financing category. The foreign exchange gains and losses on bank borrowings are also classified in financing, based on the principle that foreign exchange gains and losses should be classified in the same category as the income and expenses from the items that gave rise to the foreign exchange differences. The interest expenses on the lease liabilities and pension assets (liabilities that arise from transactions that do not involve only the raising of finance) are also classified as financing in accordance with IFRS 18.

Guidance notes on the transition disclosures (continued)

IFRS 18.75
IFRS 18.103
IFRS 18.15-19
IFRS 18.B8

G Guidance note: Separate presentation of line items or subtotals required by IFRS Accounting Standards

IFRS Accounting Standards require certain subtotals and line items to be separately presented in the primary financial statements. However, IFRS 18 clarifies that this is only required where this is necessary to provide a useful structured summary. If an entity does not separately present the 'required' line items in the statement of profit or loss, the items must be disclosed in the notes if the resulting information is material. If information about a 'required' line item is not material (either by nature or amount), the specific requirement to present or disclose it separately does not apply. We illustrate considerations for two such 'required' line items below, however the same considerations will apply to all such 'required' items.

Impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of IFRS 9

IFRS 18 requires presentation of a line item (or line items) in the statement of profit or loss for IFRS 9 impairment losses. In this appendix, the Group does not present IFRS 9 impairment losses separately, illustrating a situation where separate presentation is not considered to present a useful structured summary. However, we note that for some entities, separate presentation on the face of the statement of profit or loss may be necessary for the purposes of presenting a useful structured summary. For example, if IFRS 9 impairment losses are subject to significant measurement uncertainty, or are highly material, management might instead conclude that separate presentation contributes to a useful structured summary.

Share of the profit or loss of associates and joint ventures accounted for using the equity method

IFRS 18 requires the share of profit or loss from associates and joint ventures accounted for using the equity method to be presented as a line item in the statement of profit of loss. In this appendix, for illustrative purposes, it has been assumed that the share of profit from equity accounted investments is material. On the basis users analyse income and expenses from equity accounted associates and joint ventures separately from all other income and expenses because of its different measurement basis, presentation as a separate line item has been deemed to be necessary for the purposes of presenting a useful structured summary. However, depending on the importance of the equity accounted investments to the Group, and the needs of the users of the financial statements, other entities may determine that separate presentation does not assist in presenting a useful structured summary, and therefore disclosure of material information in the notes is appropriate.

IFRS 18.B50-B55

I Guidance note: Income and expenses from liabilities that arise from transactions that do not involve only the raising of finance

IFRS 18 requires interest income and expenses, as well as income and expenses resulting from changes in interest rates on liabilities that arise from transactions that do not involve only the raising of finance to be classified in the financing category. Other income and expenses arising from these liabilities must be classified in the operating category. This means that, for example, the current and past service cost in relation to a defined benefit pension scheme would be classified in the operating category in accordance with IFRS 18.

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

Disclosure of information about specified expenses by nature

Guidance note: Disclosure of information about specified expenses by nature

IFRS 18.83 As the Group presents one or more line items in the operating category by function, a single note is required to disclose the total of five specific nature expenses as shown below, the amount related to each line item in the operating category, and a list of any line items outside the operating category including amounts. In this appendix, the specified expenses requiring disclosure are all included within the operating category.

If the totals disclosed are not the amounts recognised as an expense in the period (for example because part of the total amount has been capitalised in the period, as is the case for employee benefit costs in the Example Financial Statements), a qualitative explanation of that fact and the assets involved must be disclosed.

Note X – Disclosure of information about specified expenses by nature

IFRS 18.B84 The table below sets out specified expenses by nature. The amounts disclosed are the amounts recognised as expenses in the statement of profit or loss for the year, except for employee benefits.

The amounts disclosed for employee benefits are the costs incurred for the year, including pension costs, for employee services, calculated in accordance with IAS 19 'Employee Benefits', and the amount for services received from employees recognised under IFRS 2 'Share-based payment'. The research and development costs amount includes amounts that have been capitalised into internally developed software.

IFRS 18.83

For the year ended 31 December 2025	Operating categories					
	Costs of sales	Administrative expenses	Distribution costs	Research and development costs	Goodwill impairment loss	Total
Depreciation	530	3,746	520	–	–	4,796
Amortisation	–	3,528	–	–	–	3,528
Employee benefits	59,538	41,087	11,494	3,015	–	115,134
IAS 36 impairment losses and reversals	–	870	–	–	799	1,669
Write-downs and reversals of write-downs of inventories	361	–	–	–	–	361

For the year ended 31 December 2024 (as restated)	Operating categories					
	Costs of sales	Administrative expenses	Distribution costs	Research and development costs	Goodwill impairment loss	Total
Depreciation	554	4,566	520	–	–	5,640
Amortisation	–	3,051	–	–	–	3,051
Employee benefits	57,129	40,354	11,017	1,165	–	109,665
IAS 36 impairment losses and reversals	–	–	–	–	190	190
Write-downs and reversals of write-downs of inventories	389	–	–	–	–	389

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

Disclosure of Management-defined performance measures

Guidance note: Management-defined performance measures

IFRS 18.117-125

Management-defined performance measures (MPMs) are subtotals of income and expenses that the entity uses in public communications outside the financial statements, and which management uses to communicate to users of the financial statements their view of an aspect of the entity's performance as a whole. There is a rebuttable presumption in IFRS 18 that a subtotal of income and expenses used in public communications outside its financial statements communicates management's view of an aspect of the entity's financial performance.

IFRS 18 gives detailed guidance on how to identify MPMs and what does and doesn't constitute an MPM. MPM's are only subtotals of income **and** expenses, and do not include specific subtotals required by IFRS 18 or other standards. In addition, IFRS 18.118 sets out a list of specific subtotals that are not MPMs.

IFRS 18 introduced new disclosure requirements in relation to MPMs which must be presented in a **single note**. The disclosures below assume that the MPMs identified, and the way they are calculated, have not changed in the period.

Management-defined performance measures

IFRS 18.121

The Group uses the management-defined performance measures (MPMs) 'adjusted operating profit' and 'adjusted EBITDA' in its public communications. These MPMs present management's view of an aspect of the Group 's financial performance as a whole. They are not measures specified by IFRS Accounting Standards and therefore might not be comparable to apparently similar measures used by other entities.

Adjusted operating profit

IFRS 18.123(a)-(b)

Adjusted operating profit presents management's view of the continuing performance of the business. Operating profit is adjusted to remove items that are considered to be unlikely to reoccur for several years. These adjustments include removing costs of acquisitions of subsidiaries, impairment of non-financial assets, and restructuring costs. Adjusted operating profit is considered to provide information that is helpful in understanding trends in underlying profitability of the business.

IFRS 18.123(c)

	For the year ended 31 December 2025				
	IFRS measure	Impairment losses	Restructuring	Acquisition costs	MPM
Administrative expenses		870	–	223	
(Reversal of restructuring provision)/restructuring expenses		–	(510)	–	
Goodwill impairment loss		799	–	–	
Operating profit/Adjusted operating profit	**22,974**	**1,669**	**(510)**	**223**	**24,356**
Income tax expense (IFRS 18.123(d))		–	153	(67)	
Profit attributable to non-controlling interests (IFRS 18.123(d))		–	(17)	–	

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

		For the year ended 31 December 2024 (as restated)				
IFRS 18.123(c)		**IFRS measure**	**Impairment losses**	**Restructuring**	**Acquisition costs**	**MPM**
	Administrative expenses		–	–	76	
	(Reversal of restructuring provision)/restructuring expenses		–	980	–	
	Goodwill impairment loss		190	–	–	
	Operating profit/Adjusted operating profit	**18,598**	**190**	**980**	**76**	**19,844**
IFRS 18.123(d)	Income tax expense		–	(274)	(21)	
IFRS 18.123(d)	Profit attributable to non-controlling interests		–	23	–	

Adjusted EBITDA

IFRS 18.123(a)-(b)

Adjusted EBITDA is considered to present a useful insight into the ongoing operating performance of the business, providing information that is helpful in understanding trends in underlying operating profitability of the business before certain non-cash items. Adjusted EBITDA is calculated as operating profit before depreciation, amortisation and impairments in the scope of IAS 36 'Impairment of Assets', adjusted to remove items that are considered to be unlikely to reoccur for several years. These adjustments include removing costs of acquisitions of subsidiaries and restructuring costs. Note that adjusted EBITDA does not include earnings classified in the investing category.

Guidance note: Reconciliation of MPMs to a subtotal not presented in the statement(s) of financial performance

IFRS 18.123(c)
IFRS 18.B140

An entity is permitted to reconcile an MPM to certain subtotals that are not presented in the statement(s) of financial performance. Where this is done, the entity must also provide a reconciliation between that subtotal and the most directly comparable total or subtotal presented in the statement(s) of financial performance, but does not have to provide information about income tax effects or the effect on non-controlling in relation to that additional reconciliation. In this appendix, the MPM 'adjusted EBITDA' is reconciled to the IFRS 18.118 measure 'operating profit or loss before depreciation, amortisation and impairments within the scope of IAS 36' and therefore a reconciliation between operating profit or loss before depreciation, amortisation and impairments within the scope of IAS 36' and the profit or loss statement line item 'Operating profit' is disclosed.

Reconciliation between operating profit and 'operating profit or loss before depreciation, amortisation and impairments within the scope of IAS 36':

		2025	2024 (restated)
IFRS 18.B140	Operating profit	22,974	18,598
	Add back depreciation, amortisation and impairment of non-financial assets:		
	Costs of sales	530	554
	Distribution costs	520	520
	Administrative expenses	8,144	7,617
	Goodwill impairment loss	799	190
IFRS 18.118	**Operating profit or loss before depreciation, amortisation and impairments within the scope of IAS 36'**	**32,967**	**27,479**

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

Reconciliation between operating profit or loss before depreciation, amortisation and impairments within the scope of IAS 36 and 'adjusted EBITDA':

IFRS 18.123(c)

For the year ended 31 December 2025	Subtotal listed in IFRS 18	Restructuring	Acquisition costs	MPM
Administrative expenses		–	223	
(Reversal of restructuring provision)/restructuring expenses		(510)	–	
Operating profit or loss before depreciation, amortisation and impairments within the scope of IAS 36/adjusted EBITDA	**32,967**	(510)	223	**32,680**
Income tax expense (IFRS 18.123(d))		153	(67)	
Profit attributable to non-controlling interests (IFRS 18.123(d))		(17)	–	

IFRS 18.123(c)

For the year ended 31 December 2024 (as restated)	Subtotal listed in IFRS 18	Restructuring	Acquisition costs	MPM
Administrative expenses		–	76	
(Reversal of restructuring provision)/restructuring expenses		980	–	
Operating profit or loss before depreciation, amortisation and impairments within the scope of IAS 36/adjusted EBITDA	**27,479**	980	76	**28,535**
Income tax expense (IFRS 18.123(d))		(274)	(21)	
Profit attributable to non-controlling interests (IFRS 18.123(d))		23	–	

IFRS 18.123(e)

Calculation of tax effect on MPMs:

Impairment losses	Impairment losses relate to the impairment of goodwill and internally developed software intangibles (see Notes 10 and 11). Impairment losses did not yield any tax benefits because they were not eligible for tax deductions.
Restructuring expenses	Restructuring expenses/release of the restructuring provision related to the Phoenix programme (see Notes 22.1 and 23) in Euroland. The tax effect has been calculated using the statutory rate applicable in Euroland of 30% (2024: 28%)
Acquisition costs	Acquisition costs were incurred on the acquisition of investments in subsidiaries. The tax effect has been calculated using the statutory rate applicable in Euroland where these costs were incurred, of 30% (2024: 28%)

Impact on the statement of financial position

Guidance note: Amendments to the statement of financial position

IFRS 18.B103(d)

IFRS 18 introduces a new requirement to present goodwill separately from other intangible assets on the face of the statement of financial position. As this presentation had already been adopted in the example statement of financial position in the main body of these Example Financial Statements, no changes have been made in this appendix.

IFRS 18.16
IFRS 18.41-43
IFRS 18.106
IFRS 18.B109-B111

In addition, for the purposes of this appendix, no changes have been made to the presentation of the statement of financial position as set out in the main body of these Example Financial Statements, having given consideration to the principle set out in IFRS 18 that the role of the primary statements is to provide a useful structured summary, and to the revised principles in relation to aggregation and disaggregation. Whether an entity's existing statement of financial position presentation requires revising will require management judgement based on an assessment of the nature of the entity and its transactions, and the nature or function of the entity's assets and liabilities.

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

Statement of cash flows and transition disclosures (IAS 7 amendments applicable on adoption of IFRS 18)

Guidance note: Amendments to IAS 7

Some limited changes have been made to IAS 7 as a result of the amendments to IFRS 18. However, it is important to note that these changes do not align the definitions of operating, financing or investing cashflows in IAS 7 with the new income and expenditure categories in IFRS 18.

IAS 7.18b

The key amendments made to IAS 7 are:

- Where the indirect method is used to report cashflows from operating activities, the statement of cash flows must now start with operating profit.
- The changes also remove much of the management judgement in relation to the classification of interest and cashflows.
- Where the entity does not have a specified main business activity, interest and dividend cashflows must be classified as follows:

IAS 7.33A	**Dividends paid**	Cash flows from financing activities
IAS 7.34A	**Dividends received**	Cash flows from investing activities
IAS 7.34A	**Interest paid**	Cash flows from financing activities
IAS 7.34A	**Interest received**	Cash flows from investing activities

If the entity has a specified main business activity, interest and dividend cashflows must be classified as follows:

IAS 7.33A	**Dividends paid**	Cash flows from financing activities
IAS 7.34B-D	**Dividends received**	Classified in a single category, following the classification of dividend income in the statement of profit or loss under IFRS 18. If dividend income is classified in more than one category in the statement of profit or loss, the entity must make an accounting policy choice to classify the total of dividends received in one of these associated categories.
IAS 7.34B-D	**Interest paid**	Classified in a single category, following the classification of interest expense in the statement of profit or loss under IFRS 18. If interest expense is classified in more than one category in the statement of profit or loss, the entity must make an accounting policy choice to classify the total of interest paid in one of these associated categories.
IAS 7.34B-D	**Interest received**	Classified in a single category, following the classification of interest income in the statement of profit or loss under IFRS 18. If interest income is classified in more than one category in the statement of profit or loss, the entity must make an accounting policy choice to classify the total of interest received in one of these associated categories.

The existing classification of interest and dividend cashflows in the main body of the Example Financial Statements is consistent with these amendments. Therefore, the only changes made to the statement of cash flows as a result of these amendments are to change the reconciliation of operating cash flows to reconcile between IFRS 18 operating profit and operating cashflows.

Guidance note: Aggregation and disaggregation of cashflows

For the purposes of this appendix, no further changes have been made to the presentation of the consolidated statement of cashflows, having given consideration to the revised principles set out in IFRS 18 in relation to aggregation and disaggregation, the role of the primary statements and notes, and the descriptions of items. Whether an entity's existing presentation requires revising will require management judgement based on the nature of the entity and the characteristics of its cashflows.

Consolidated statement of cash flows

For the year ended 31 December 2025
(expressed in thousands of Euroland currency units (CU), except per share amounts)

	Notes	2025	2024 (restated)
OPERATING ACTIVITIES			
Operating profit		**22,974**	18,598
Non-cash adjustments	31	**10,140**	8,915
Contributions to defined benefit plans		**(1,186)**	(1,273)
Net changes in working capital	31	**(2,032)**	4,189
Rental income from investment properties		**1,066**	1,028
Settling of derivative financial instruments		**586**	716
Taxes reclaimed (paid)		**(1,978)**	(7,229)
Net cash from operating activities		**29,570**	**24,944**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(76)**	(3,281)
Proceeds from disposal of property, plant and equipment		**86**	–
Purchase of other intangible assets		**(3,746)**	(3,313)
Proceeds from disposal of other intangible assets		**809**	–
Acquisition of subsidiaries, net of cash acquired		**(15,491)**	(12,075)
Proceeds from sale of subsidiaries, net of cash sold		**3,117**	–
Proceeds from disposal and redemption of non-derivative financial assets		**196**	73
Interest received		**655**	447
Dividends received		**69**	21
Taxes paid		**(244)**	(140)
Net cash used in investing activities		**(14,625)**	**(18,268)**
FINANCING ACTIVITIES			
Proceeds from borrowings		**1,449**	8,300
Repayment of borrowings and leasing liabilities		**(5,571)**	(2,147)
Proceeds from issue of share capital		**18,365**	–
Interest paid		**(3,314)**	(3,340)
Dividends paid		**(3,000)**	–
Net cash from (used in) financing activities		**7,929**	**2,813**
Net change in cash and cash equivalents		**22,874**	9,489
Cash and cash equivalents, beginning of year		**11,141**	1,609
Exchange differences on cash and cash equivalents		**60**	43
Cash and cash equivalents, end of year		**34,075**	**11,141**
Cash and cash equivalents included in disposal group		**–**	(22)
Cash and cash equivalents for continuing operations		**34,075**	**11,119**

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

Notes to the statement of cash flows

Note 31 – Non-cash adjustments and changes in working capital

	2025	2024 (restated)
NON-CASH ADJUSTMENTS		
Depreciation, amortisation and impairment of non-financial assets	**9,993**	8,881
Foreign exchange gains	**(937)**	(1,164)
Interest and dividend income	**–**	–
Fair value gains on financial assets recognised in profit or loss	**(130)**	(325)
Cash flow hedges reclassified from equity	**(640)**	(712)
Interest expense	**–**	–
Impairment of financial assets	**211**	225
Fair value loss on financial liabilities recognised in profit or loss	**–**	–
Change in fair value of equity investments	**–**	–
Share-based payment expenses	**298**	466
Net interest on defined benefit liability	**–**	–
Current and past service costs	**1,308**	1,930
Result from equity accounted investments	**–**	–
Change in fair value of investment property	**–**	–
Change in fair value of contingent consideration	**20**	–
Other	**17**	(386)
Total adjustments	**10,140**	**8,915**

Guidance note: Non-cash adjustments

For the purposes of illustrating the impact of adopting IFRS 18, reconciling items that are included in the reconciliation between profit before tax and operating cashflows in the statement of cash flows in the main body of these Example Financial Statements (see Note 31), but which are not required where reconciling between operating profit and operating cashflows are highlighted red above. These line items should be deleted in the IFRS 18 Non-cash adjustments notes, as there is a zero amount in both periods.

Amendments to IAS 7

IAS 8.28 The Group has applied the amendments made by IFRS 18 to IAS 7 for the first time in the year ended 31 December 2025. These amendments apply when the Group applies IFRS 18 and have been applied retrospectively in accordance with IAS 8.

The consolidated statement of has been restated as a result of these amendments, to reconcile operating cash flows to IFRS 18 operating profits, instead of profit before tax. The impact on the line items in the consolidated statement of cash flows is as follows:

	Effect on 2025	Effect on 2024
Difference between profit before tax previously stated and IFRS 18 operating profit	**1,313**	2,074
Non-cash adjustments	**(2,379)**	(3,102)
Rental income from investment properties	**1,066**	1,028

How we can help

We hope you find the information in this article helpful in giving you some insight into aspects of IFRS 18. If you would like to discuss any of the points raised, please speak to your usual Grant Thornton contact or visit **www.grantthornton.global/locations** to find your local member firm.