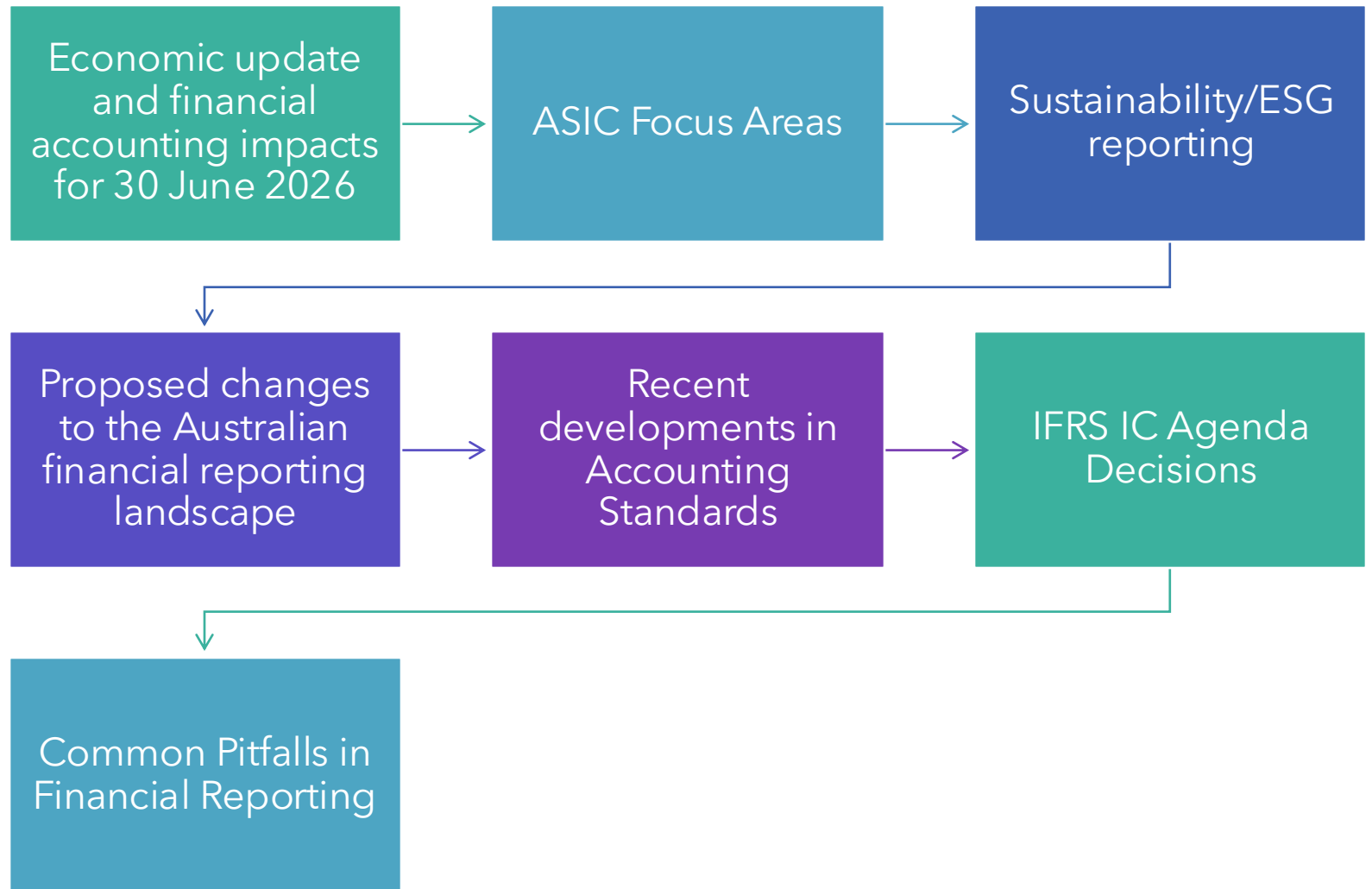


30 JUNE 2026 FINANCIAL REPORTING UPDATE



TOPICS





**ECONOMIC CLIMATE
JUNE 2026**

CURRENT ECONOMIC ENVIRONMENT IN AUSTRALIA

Key conditions shaping Australian businesses in 2026

Australia continues to operate in a challenging environment with persistent domestic pressures and elevated global risks.



KEY ECONOMIC CONDITIONS



1. INFLATION

Inflation remains elevated and is expected to decline only gradually.



2. INTEREST RATES

Interest rates remain restrictive and continue to dampen demand.



3. GROWTH OUTLOOK

Growth is moderating, with spending momentum easing across the economy.



4. LABOUR MARKET

Labour market conditions remain resilient but are softening.



5. FINANCIAL STABILITY

Insolvency and financial stress risks remain elevated in more leveraged sectors.



6. EXTERNAL RISKS

External risks remain significant, particularly from global energy and commodity volatility.

IMPACT ON BUSINESSES



Higher operating costs and margin pressure



Higher borrowing costs and constrained access to finance



Softer demand and slower revenue growth



Wage pressures and ongoing skills shortages



Supply chain costs remain elevated and less predictable



Higher risk of business stress and cash flow pressure



Continued focus on efficiency, productivity and sustainability

AUSTRALIAN INFLATION RATE

Monthly CPI Indicator – Year-ended Inflation (%)

ABS Monthly CPI Indicator | 3-Year Overview to April 2026



LATEST (APRIL 2026)

4.2%

Annual inflation

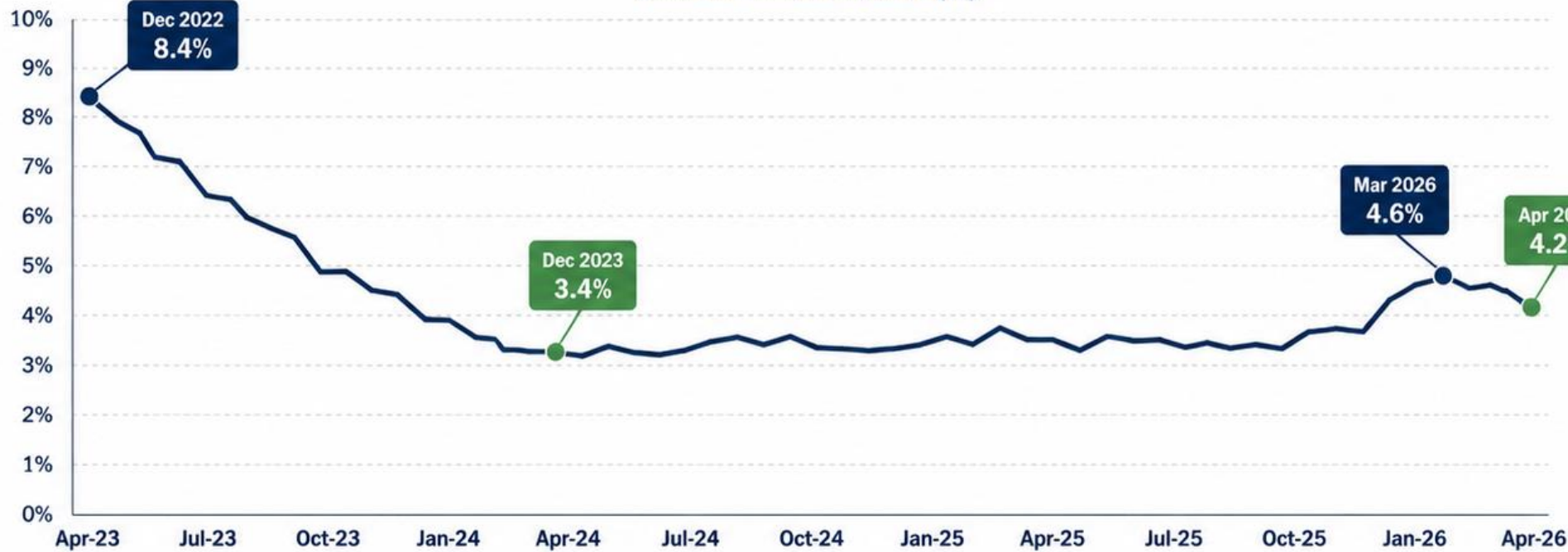
↓ Fell from 4.6% in March 2026

KEY INSIGHT



Inflation rose sharply through 2022, peaked at 8.4% in Dec 2022, eased through 2023–early 2025, but re-accelerated in early 2026 before easing in April 2026.

Annual Inflation Rate (%)



LATEST MONTHLY READINGS (%)

Dec 2025	3.8%
Jan 2026	3.8%
Feb 2026	3.7%
Mar 2026	4.6%
Apr 2026	4.2%

ABOUT THE CPI INDICATOR



The Monthly CPI Indicator provides early insight into price movements and annual inflation trends. It is based on a subset of CPI items and published monthly by the ABS.

Source: Australian Bureau of Statistics (ABS) – Monthly CPI Indicator (Series ID: CPIY), 27 May 2026

KEY TAKEAWAYS



Peak Inflation

Inflation peaked at 8.4% in December 2022.



Easing Phase

Inflation eased steadily throughout 2023 and into early 2025.



Re-acceleration

Annual inflation rose again in early 2026, reaching 4.6% in March 2026.



Latest Outcome

Inflation eased to 4.2% in April 2026.



Outlook

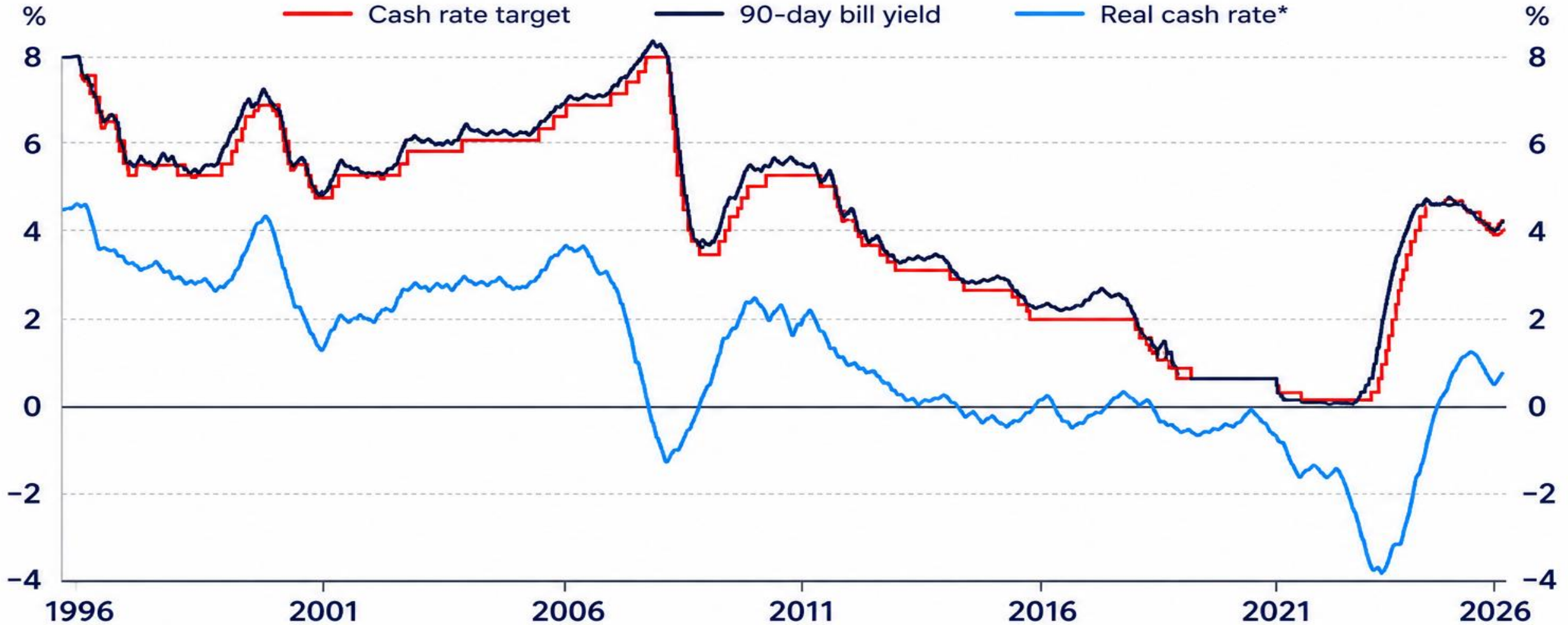
Inflation remains above the RBA's 2–3% target band.

Note: Data points represent the annual change (%) in the CPI over the 12 months to the month shown.

AUSTRALIAN INTEREST RATES



Cash Rate Target, 90-Day Bill Yield and Real Cash Rate*

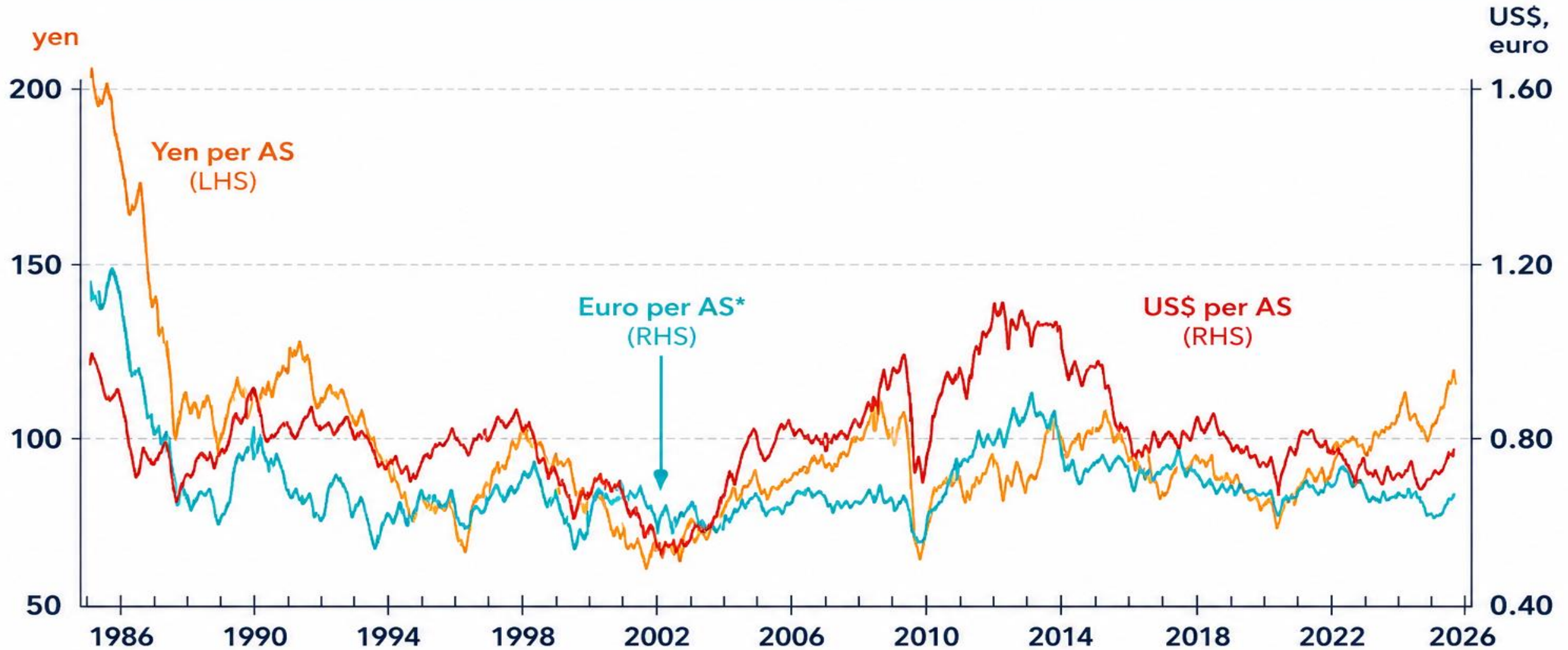


* Calculated using average of year-ended weighted median inflation and year-ended trimmed mean inflation.

Sources: ABS; AFMA; ASX; RBA.



AUSTRALIAN DOLLAR



* ECU per AS until 31 December 1998.

Sources: Bloomberg.



IRAN CONFLICT AND GLOBAL TRADE DISRUPTION

POTENTIAL IMPACTS ON AUSTRALIAN LISTED ENTITIES



1. ENERGY AND FUEL COSTS

- ✓ Increased oil and gas prices
- ✓ Higher transportation costs
- ✓ Increased manufacturing and operating expenses
- ✓ Margin pressure across multiple sectors



2. SUPPLY CHAIN DISRUPTION

- ✓ Delays in obtaining imported goods and raw materials
- ✓ Increased inventory holding requirements
- ✓ Extended lead times
- ✓ Increased freight and logistics costs



Several industries are already reporting delivery delays due to disruption of shipping routes and shortages of key inputs.



3. COMMODITY PRICE VOLATILITY

- ✓ Increased volatility in energy markets
- ✓ Potential impacts on mining sector demand
- ✓ Uncertainty in commodity forecasts
- ✓ Greater volatility in foreign exchange markets



4. ECONOMIC UNCERTAINTY

- ✓ Reduced business confidence
- ✓ Delayed investment decisions
- ✓ Potential reduction in consumer spending
- ✓ Increased risk premiums and financing costs



The OECD has warned that a prolonged conflict could materially reduce global growth and increase recession risks through energy shortages and higher production costs.



ENERGY SECURITY
AT RISK



GLOBAL TRADE
DISRUPTED



HIGHER COSTS
AND INFLATION

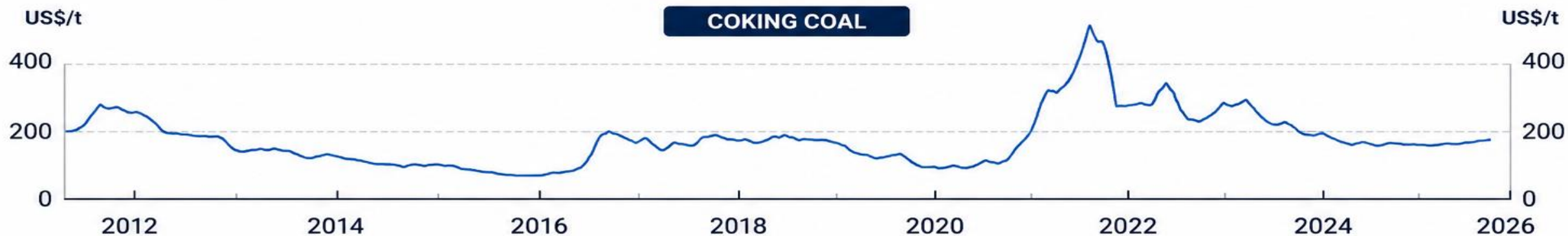
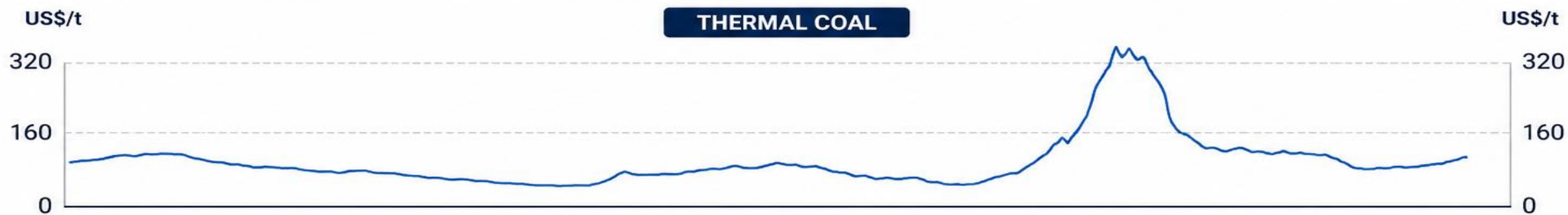
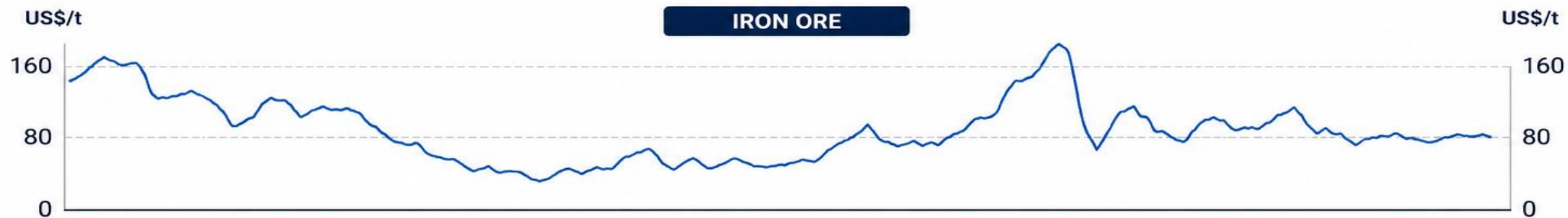


SLOWER GROWTH
OUTLOOK



BULK COMMODITY PRICES*

Average Australian export price



* Free on board basis.

Sources: ABS; Bloomberg; RBA.



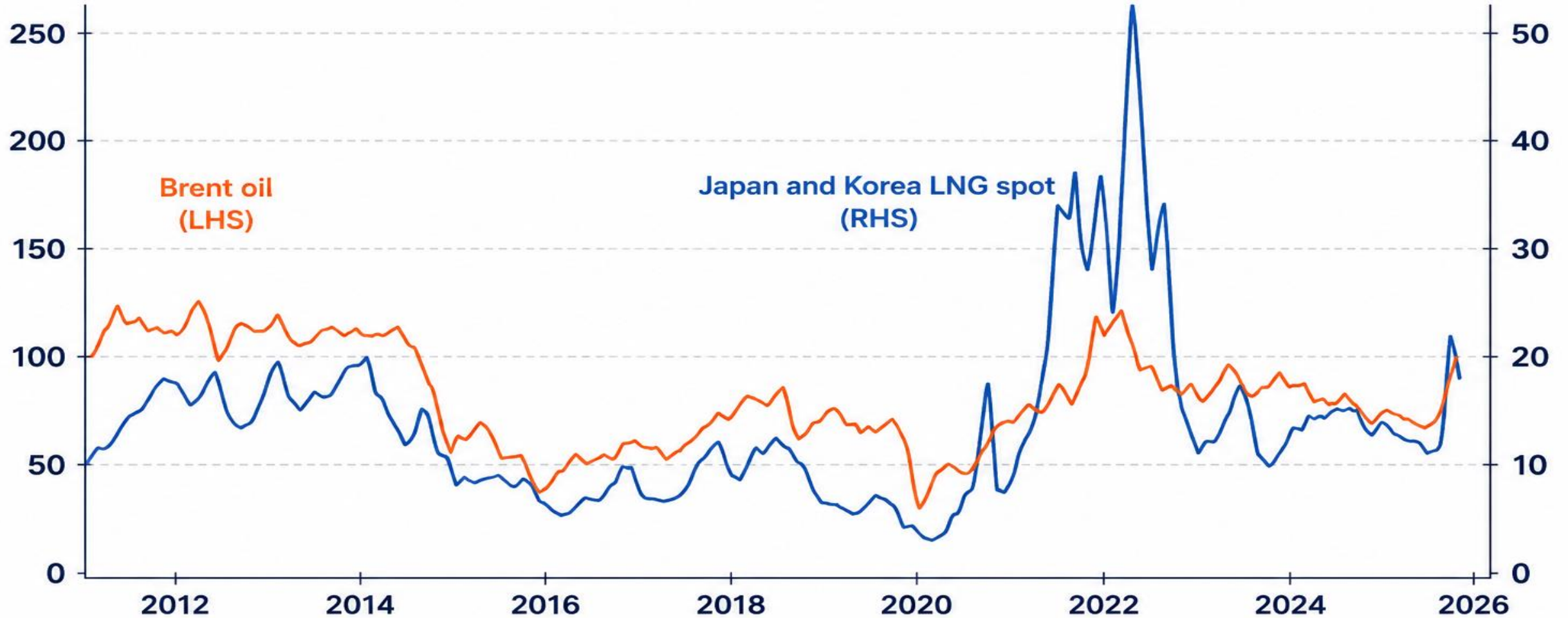
OIL AND LNG PRICES

Monthly



US\$/b

US\$/MMBtu



Sources: Bloomberg; LSEG; RBA.



LITHIUM PRICE



Current Lithium Price per Tonne (USD/TON)

27,361.00 USD ▲ 99.85% High 84,492 Low 8,540 5Y

USD/TON



Source: GoldPrice.org



GOLD PRICE OVER 1 YEAR



In USD per ounce

LIVE

4,516.02 USD

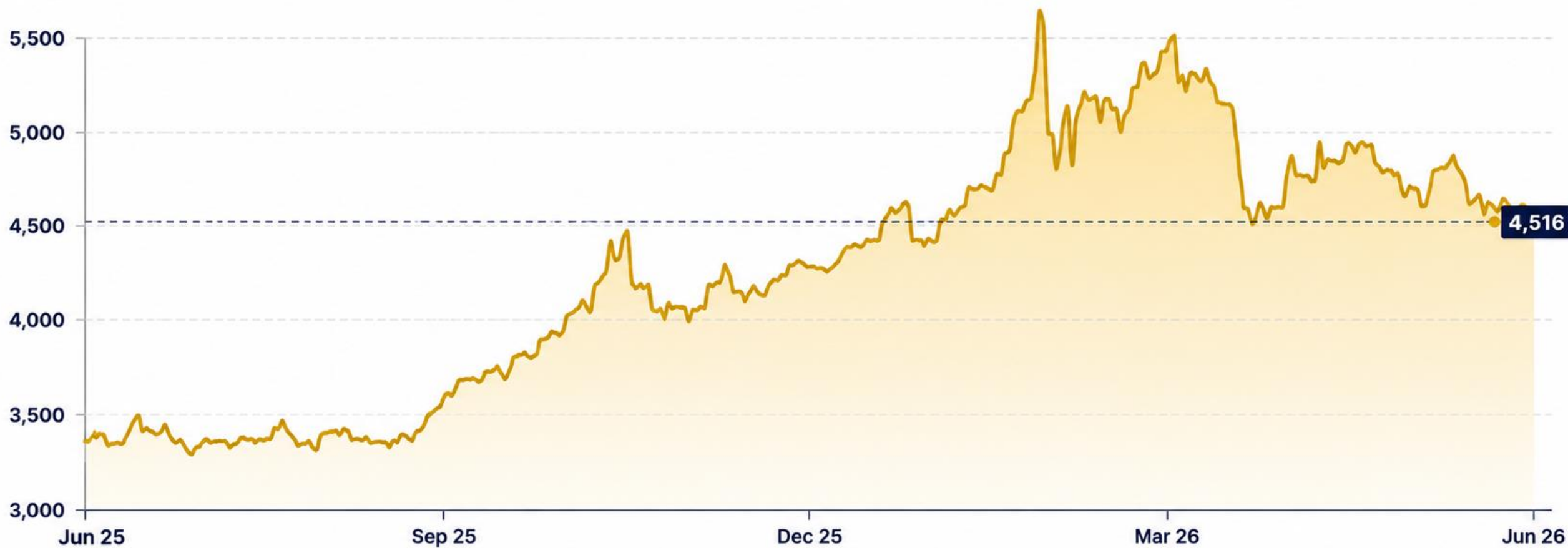
▲ 33.57%

High: 5,590

Low: 3,249

1Y

USD per ounce



1D 1W 1M 3M 6M **1Y** 5Y 10Y All

g **oz** kg

Source: GoldSilver.ai

Timezone: Europe/London



SILVER PRICE OVER 5 YEARS

In USD per ounce

1D

1W



LIVE

76.04 USD

▲ 170.03%

High: 119.35

Low: 17.55

5Y

USD per ounce



76.04

1D 1W 1M 3M 6M 1Y 5Y 10Y All

g oz kg



NICKEL PRICE



Current Nickel Price per Tonne (USD/TON)

LIVE

19,217.00 USD

+24.54%

High: 18,902

Low: 14,224

1Y

USD per tonne



GoldSilver.ai

1D 1W 1M 3M 1Y 5Y 10Y All

g oz kg

Source: GoldSilver.ai



NICKEL PRICE

Current Nickel Price per Tonne (USD/TON)

LIVE

19,217.00 USD

▲ +5.68%

High: 61,972

Low: 13,821

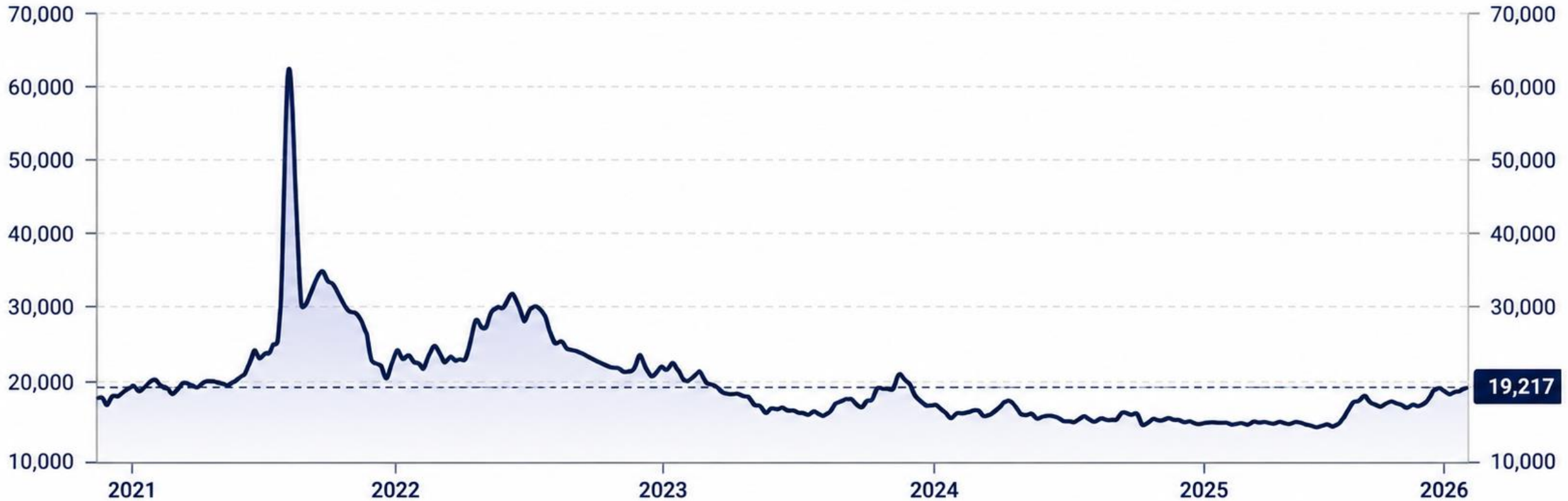
5Y

1D

1W



USD per tonne



1D 1W 1M 3M 1Y **5Y** 10Y All

g

oz

kg

Source: GoldSilver.ai



INSOLVENCY STATISTICS

1 March 2025 – 28 February 2026



Our insolvency statistics show that companies entering external administration remain low compared to historical peaks.



COMPANIES ENTERING EXTERNAL ADMINISTRATION

First 8 months of 2025–26

9,307

companies entered external administration

DOWN

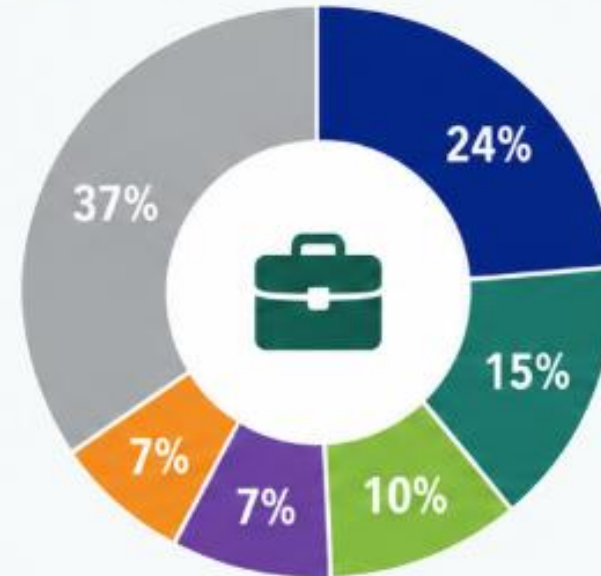
↓ 1.3%

from 9,432 companies during the same period in 2024–25



TOP INDUSTRIES FOR APPOINTMENTS

First 8 months of 2025–26



- Construction (24%)
- Accommodation and food services (15%)
- Other / Non-described services (10%)
- Professional, scientific and technical services (7%)
- Retail trade (7%)
- Other industries (37%)



During the first eight months of the 2025–26 financial year, the most common industries for appointments were construction (24%), followed by accommodation and food services (15%).



Our insolvency statistics show that 9,307 companies entered external administration during the first eight months of the 2025–26 financial year, down 1.3% from the 9,432 companies recorded for the same period in 2024–25.



Australian insolvency statistics

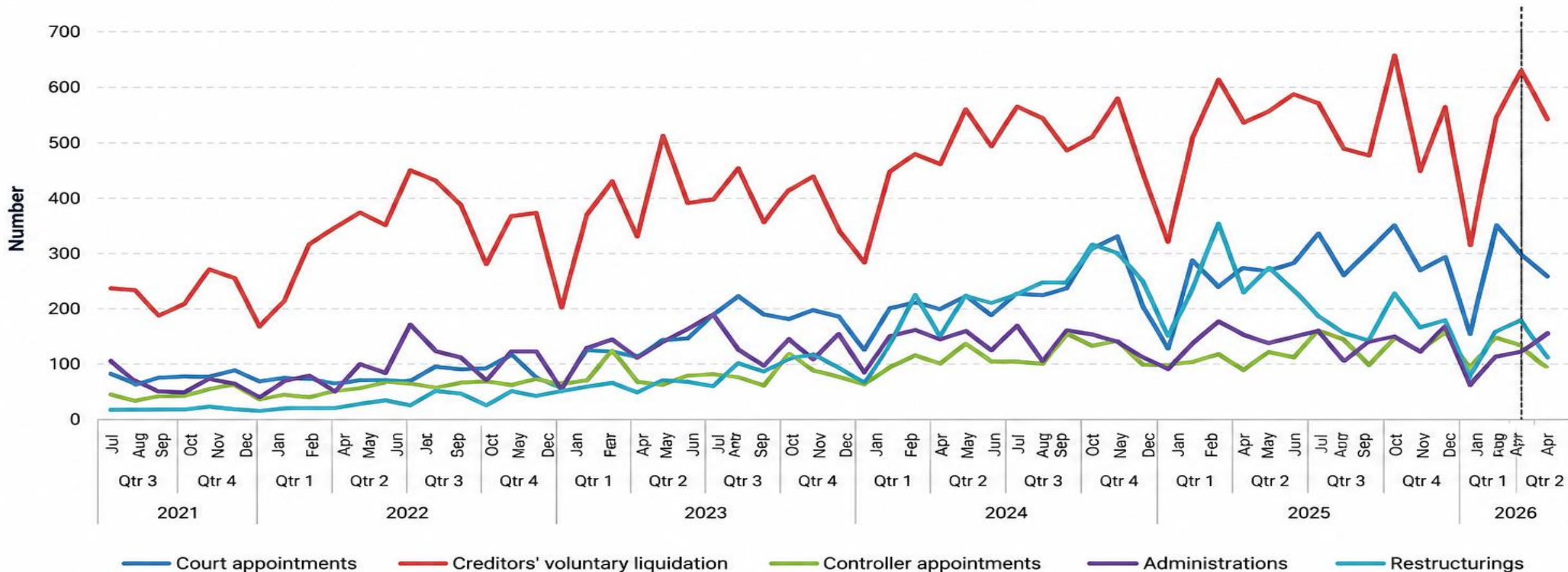
Released: 1 June 2026

© Australian Securities & Investments Commission

Figures after the dotted line are provisional, refer to INFORMATION SHEET 80: How to interpret ASIC insolvency statistics. Published to the most recently completed month.

Chart 1.1.1: The first time a company enters external administration or has a controller appointed—Appointment type, MONTHLY

(All)



Source: Australian Securities & Investments Commission

KEY FINANCIAL REPORTING RISKS



• AS AT 30 JUNE 2026 •

1



GOING CONCERN

- Reduced liquidity and refinancing risk
- Limited access to capital
- Covenant pressures
- Uncertainty in cash flows

2



IMPAIRMENT

- Overly optimistic cash flow forecasts
- Aggressive growth assumptions
- Inappropriate discount rates
- Economic uncertainty

3



GOODWILL

- Recoverable amount supportability
- Overstated synergies
- High valuation multiples
- Pressure on future earnings

4



EXPECTED CREDIT LOSSES

- Customer insolvencies
- Higher business failures
- Deteriorating credit quality
- Economic stress on customers

5



REVENUE RECOGNITION

- Contract delays and variations
- Project and delivery delays
- Scope changes and claims
- Performance obligations risk

6

ONEROUS CONTRACTS



- Cost escalation
- Higher input and labour costs
- Energy and freight increases
- Margin compression

7

PROVISIONS



- Underestimation of obligations
- Legal and regulatory claims
- Environmental obligations
- Restructuring and redundancy

8

FAIR VALUE MEASUREMENTS



- Increased market volatility
- Illiquid market conditions
- Wider bid-ask spreads
- Valuation model uncertainty

9

SUSTAINABILITY REPORTING



- Completeness and accuracy of disclosures
- Climate-related risks
- Data quality and availability
- Governance and compliance



PROPOSED CHANGES TO THE AUSTRALIAN FINANCIAL REPORTING LANDSCAPE



THREE TESTS FOR A LARGE PROPRIETARY COMPANY

Reporting thresholds are based on **THREE TESTS** – companies need to meet **TWO OUT OF THREE**.

1

REVENUE TEST

Consolidated
revenue



\$50 million → \$100 million

(raised from \$50 million
to \$100 million)

2

GROSS ASSETS TEST

Consolidated
gross assets



\$25 million → \$50 million

(raised from \$25 million
to \$50 million)

3

FULL TIME EMPLOYEE TEST

Full time
employees



100 employees = 100 employees

(unchanged)

OR

OR



A company is classified as a large proprietary company if it meets at least **TWO OUT OF THREE** tests.



CURRENT STRUCTURE – THREE SEPARATE BODIES



FINANCIAL REPORTING COUNCIL (FRC)

Oversight and governance of financial reporting and assurance standard setting



AUSTRALIAN ACCOUNTING STANDARDS BOARD (AASB)

- Sets accounting standards
- Sets sustainability standards



AUDITING AND ASSURANCE STANDARDS BOARD (AUASB)

Sets auditing and assurance standards



NEW STRUCTURE – ONE UNIFIED ENTITY



EXTERNAL REPORTING AUSTRALIA (ERA)

A single, unified independent entity responsible for setting high-quality standards and supporting trusted, transparent and comparable reporting.



Accounting Standards



Sustainability Standards



Auditing & Assurance Standards



Financial Reporting Oversight

GOVERNANCE AND STRUCTURE



GOVERNING COUNCIL

Appointed by the Minister.
Provides strategic direction and oversight.
Has a limited role in standard setting.



STANDARD-SETTING BOARDS

Established by the Governing Council to undertake standard-setting activities.

- Accounting Standards Board
- Sustainability Standards Board
- Auditing & Assurance Standards Board

EXTERNAL REPORTING AUSTRALIA



ASIC'S FOCUS AREAS FOR 30 JUNE 2026





2026-27

For 2026-27, ASIC will review the financial reports of:



Listed and unlisted companies

Including all entities that prepare financial reports.



Registrable superannuation entities (RSEs)

Entities that are required to be registered as RSEs.



Managed investment schemes (MISs)

Including registered schemes and trust deed MISs.



ASIC will also review the disclosures of companies that have provisions for decommissioning and site-restoration costs.

- This will include assessing disclosures against new guidance issued by the AASB (illustrative example D of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*).



Example 2A – Decommissioning & Site-Restoration Obligations

Even if the present-value effect is immaterial, disclosures can be material.



BACKGROUND



Some facilities expected to operate for an **extremely long time**.



Settlement costs are far in the future; present-value effect is **immaterial**.



Costs are **high** and risk of earlier closure is **significant and increasing**.



Climate transition, market shifts and regulation could drive earlier closure.



WHY DISCLOSURES ARE MATERIAL (AASB 137 para 85)



High eventual costs

Costs to settle the obligations are high.



Significant & increasing risk

Higher likelihood of being required to settle earlier than expected.



External climate-related factors

Market, regulatory and legal environments make this information important to users.



APPLICATION OF AASB 137



Disclose information about the plant decommissioning and site-restoration provision, including obligations with immaterial effect on the carrying amount.



WHAT THE ENTITY DISCLOSES

1

Nature & timing of outflows



Brief description of the obligations and expected timing of cash outflows.

2

Uncertainties & key assumptions



Indicate uncertainties about amount or timing and key assumptions (e.g., expected facility closure).



KEY TAKEAWAY



Materiality looks beyond the carrying amount—high costs, growing risk of earlier settlement and climate-related factors can make disclosures essential.

SUSTAINABILITY REPORTING AND ASSURANCE ENGAGEMENTS



1

AUDITED
SUSTAINABILITY
REPORT
REQUIREMENTS



2

PHASED
IMPLEMENTATION
OF REPORTING
AND AUDIT
REQUIREMENTS



3

REVIEW OF
31 DECEMBER
2025
SUSTAINABILITY
REPORTS



4

ONGOING
SURVEILLANCE
IN 2026-27
PROGRAM



5

ENGAGEMENT
WITH LARGER
AUDIT FIRMS



6

PROPORTIONATE
AND PRAGMATIC
SUPERVISION
AND
ENFORCEMENT



PREPARERS SHOULD REFER TO REGULATORY GUIDE 280 SUSTAINABILITY REPORTING (RG 280) FOR MORE INFORMATION.



ASIC ENFORCEMENT ACTIVITIES



FOCUS AREA 1

Non-Lodgement of Financial Reports

ASIC will continue to focus on **large proprietary companies** that fail to lodge required financial reports.



OBJECTIVE:



Improve reporting compliance



Increase transparency



Support market confidence

FOCUS AREA 2

Auditor Annual Statement Obligations

ASIC will review compliance by **registered company auditors** with their obligations to lodge their annual statements.



WHY IT MATTERS:



Supports audit quality



Maintains auditor competence



Strengthens regulatory oversight



Enhances stakeholder trust

ASIC ENFORCEMENT ACTIVITIES



MEDIA RELEASE (26-111MR)

Fashion and beauty retailers trading under the Zara, H&M and Sephora brands pay \$596,000 in infringement notices for failing to lodge financial reports on time

Published **4 June 2026**



Canva Group pays \$792,000 in infringement notices for failing to lodge financial reports on time

Published **6 May 2026**



MEDIA RELEASE (26-057MR)

Mecca companies pay \$594,000 in infringement notices for failing to lodge financial reports on time

Published **31 March 2026**

ASIC issues over \$2.2 million

in infringement notices to **12** large proprietary companies for alleged failure to lodge financial reports.



Timely financial reporting is a legal obligation.
Companies that fail to comply may face significant regulatory action and penalties.

COMPANIES ISSUED INFRINGEMENT NOTICES

- 1 Aje Hold Co Pty Ltd
- 2 Bing Lee Electrics Pty Ltd
- 3 Bob Jane Corporation Pty Ltd
- 4 Frank Green Holdings Pty Ltd
- 5 Harris Scarfe Pty Ltd
- 6 Global Retail Brands Pty Ltd
- 7 Grill'd Pty Ltd
- 8 McCain Foods (Aust) Pty Ltd
- 9 MJ Bale Group Pty Ltd*
- 10 Outdoor Supacentre Pty Ltd
- 11 Pearl Corporation of Australia Pty Ltd
- 12 White Fox Boutique Pty Ltd

*Formerly B.T. Investment Management Pty Ltd



MEDIA RELEASE (26-082MR)

Pure Foods Tasmania reduces \$4.5 million in deferred tax assets following ASIC review

Published **24 April 2026**



MEDIA RELEASE (26-075MR)

Viva Energy reassesses accounting approach after ASIC review, resulting in \$25 million impairment

Published **13 April 2026**



ASIC'S ENDURING FOCUS AREAS



ASIC'S ENDURING FOCUS AREAS

Asset
values

Provisions

Revenue

Disclosures

IMPAIRMENT OF NON-FINANCIAL ASSETS

Key principles for impairment testing

1

ANNUAL IMPAIRMENT TESTING REQUIRED



The following assets must be tested for impairment at least annually:



Goodwill



Indefinite-life intangible assets



Intangible assets not yet available for use

2

ECONOMIC CONDITIONS MAY TRIGGER ADDITIONAL TESTING



Adverse economic conditions can create indicators of impairment that may require impairment testing for other non-financial assets.

3

VALUATION METHODS MUST BE ROBUST



Appropriate methodology
Use methods suitable for the asset or business.



Reasonable and supportable assumptions
Base valuations on assumptions that are reasonable and evidence-based.



Cross-check for reliability
Validate results using other relevant valuation methods.



KEY TAKEAWAY

Impairment testing requires annual assessments for certain assets, awareness of economic indicators, and robust valuation methods to support reliable and transparent judgements.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Key principles for impairment testing (4 to 6)

4 MARKET CAPITALISATION HAS LIMITATIONS



- ✗ Not a fair value measure
- ✓ May be useful as:
 - Impairment indicator
 - Valuation cross-check

Key limitations



Small share transactions Illiquid markets Synergies not reflected Business changes

5 REVENUE MULTIPLES SHOULD BE USED CAUTIOUSLY



- ✓ Use market cap to revenue ratio only as a cross-check
- ✓ Appropriate only in limited circumstances

Entities must be closely comparable on:



Business model



Products / services



Markets



Cost structures



Funding arrangements

! Information may be dated; limitations of own market cap may apply.

6 DISCLOSURES ARE CRITICAL



Estimation uncertainties



Changes in key assumptions



Sensitivity analysis



Probability-weighted scenarios

✓ Provide enough detail for users to understand judgements and risks.

Values of Property Assets



Factors that could adversely affect commercial and retail property values



Changes in office space requirements of tenants

(e.g. work from home)



On-line shopping trends



Future economic or industry impacts on tenants



Financial condition of tenants



Other market or location factors

Lease accounting requirements and impairment



Lease accounting requirements



Impairment of lessee right-of-use assets



ASSET VALUES - ECLS ON LOANS AND RECEIVABLES

KEY AREAS TO CONSIDER



1. Key assumptions reasonable and supportable



2. Up-to-date information about borrowers and debtors



3. Consider financial condition and earning capacity



4. Accuracy of ageing of receivables



5. Forward-looking assumptions



6. Relevance of historical credit loss experience



7. Possible future losses and scenarios



8. Disclose uncertainties and key assumptions



9. ECLs – key focus for the financial sector



ASSET VALUES - FINANCIAL ASSET CLASSIFICATION



CRITERIA FOR USING AMORTISED COST

An asset can be measured at amortised cost only if **BOTH** of the following conditions are met:



1

Business model objective



2

SPPI test
(Solely Payments of
Principal and Interest)



KEY POINT: If either condition is not met, the asset must be measured at fair value (FVOCI or FVTPL).



ASSET VALUES - OTHER ASSETS

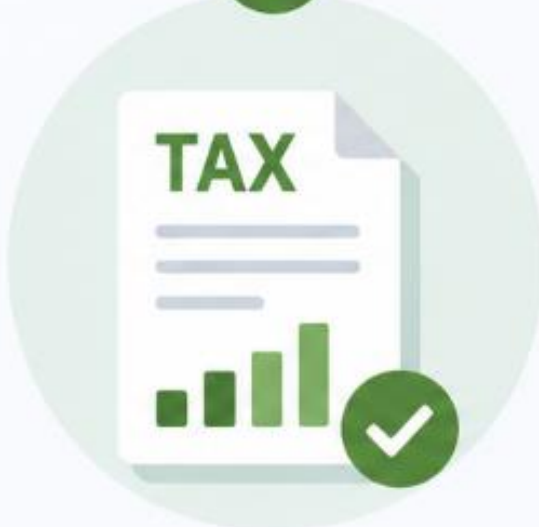
KEY AREAS TO CONSIDER

1



Net realisable value of inventories

2



Realisation of deferred tax assets

3



Valuation of investments in unlisted entities



1

**RECOGNISE
REVENUE
APPROPRIATELY**



2

**APPLY SOUND
JUDGEMENT**



3

**PROVIDE
MEANINGFUL
DISCLOSURES**

REVENUE RECOGNITION

1



**ONEROUS
CONTRACTS**

2



**LEASED PROPERTY
MAKE GOOD
OBLIGATIONS**

3



**MINE SITE
RESTORATION**

4



**FINANCIAL
GUARANTEES
GIVEN**

5



**RESTRUCTURING
PROVISIONS**

PROVISIONS



YEAR-END



SUBSEQUENT EVENT

Occurs after year-end and before completion of the financial report



FINANCIAL REPORT COMPLETION



ADJUSTING EVENTS
(Impact year-end balances)

Require adjustment to assets, liabilities, income or expenses at year-end.



NON-ADJUSTING EVENTS
(Disclosure only)

Do not affect year-end balances but relate to conditions that arose after year-end. Disclose if material.



IMPACT ON ASSETS & LIABILITIES



IMPACT ON INCOME & EXPENSES



ASSESSMENT BEFORE FINANCIAL REPORT COMPLETION



CAREFUL REVIEW OF ALL RELEVANT INFORMATION



DISCLOSE MATERIAL NON-ADJUSTING EVENTS

SUBSEQUENT EVENTS



1 INVESTOR-FOCUSED DISCLOSURES



- ✓ Put yourself in the investor's shoes
- ✓ Entity-specific disclosures
- ✓ Explain significant changes

2 FINANCIAL REPORT DISCLOSURES



- ✓ Uncertainties
- ✓ Key assumptions
- ✓ Sensitivities
- ✓ Current vs non-current classification

3 OPERATING & FINANCIAL REVIEW (OFR) DISCLOSURES



- ✓ Drivers of performance
- ✓ Risks and opportunities
- ✓ Management strategies
- ✓ Future prospects

4 NON-IFRS INFORMATION



- ✓ Avoid misleading measures
- ✓ Present non-IFRS metrics clearly
- ✓ Ensure appropriate context and reconciliation

PRESENTATION & DISCLOSURE



CLIMATE REPORTING IN AUSTRALIA - ASIC ACTIVITIES AND UPDATE

MANDATORY CLIMATE REPORTING IN AUSTRALIA



Australian Sustainability Reporting Standards (ASRS) – AASB S1 & S2

Climate-related financial disclosures will be mandatory in Australia in a phased approach.



GROUP 1 ENTITIES First Wave

Large entities that meet the following criteria:

- ✓ Consolidated revenue \geq \$500 million
- ✓ Consolidated gross assets \geq \$1 billion
- ✓ Employees \geq 500



Approx. 200 entities

ASX listed entities will be in Group 1



GROUP 2 ENTITIES Second Wave

Large entities that meet the following criteria:

- ✓ Consolidated revenue \geq \$200 million
- ✓ Consolidated gross assets \geq \$500 million
- ✓ Employees \geq 250



Approx. 900 entities

Including large proprietary companies and some large NFPs



GROUP 3 ENTITIES Third Wave

Large entities that meet the following criteria:

- ✓ Consolidated revenue \geq \$50 million
- ✓ Consolidated gross assets \geq \$25 million
- ✓ Employees \geq 100



Approx. 2,800 entities

Including medium-sized enterprises and some NFPs



REPORTING TIMELINE (Reporting periods commencing on or after)

1 JANUARY 2025

Group 1 entities

First annual reporting periods commencing on or after this date
(Most first reports in 2026)

1 JULY 2026

Group 2 entities

First annual reporting periods commencing on or after this date
(Most first reports in 2027)

1 JULY 2027

Group 3 entities

First annual reporting periods commencing on or after this date
(Most first reports in 2028)



REPORTING FRAMEWORK

Disclosures aligned with Australian Sustainability Reporting Standards (AASB S1 & S2), which are aligned with IFRS Sustainability Disclosure Standards.

RG 280: Sustainability Reporting

ASIC Regulatory Guide 280 (March 2025)

Guidance on Australia's mandatory climate-related sustainability reporting under the Corporations Act



ASIC
Australian Securities &
Investments Commission

1. PURPOSE



Improve the quality, consistency and comparability of climate-related financial disclosures.

Provide decision-useful information for investors, lenders and other stakeholders.

2. WHO MUST REPORT?



Entities that prepare annual financial reports and meet sustainability reporting thresholds.

- ✓ Listed companies
- ✓ Large private companies
- ✓ Registered schemes
- ✓ Superannuation entities (RSEs)
- ✓ Retail corporate collective investment vehicles

3. PHASED IMPLEMENTATION



GROUP 1
From Jan 2025

- Revenue \geq \$500m
- Assets \geq \$1bn
- Employees \geq 500

Any 2 of 3



GROUP 2
From Jul 2026

- Revenue \geq \$200m
- Assets \geq \$500m
- Employees \geq 250

Any 2 of 3



GROUP 3
From Jul 2027

- Revenue \geq \$50m
- Assets \geq \$25m
- Employees \geq 100

Any 2 of 3

4. WHAT MUST BE REPORTED?

- ⚠ Climate-related risks and opportunities
- 👤 Governance
- 📈 Strategy
- ⚙️ Risk management
- 🎯 Metrics and targets
- 🌍 Greenhouse gas emissions (Scope 1, 2 & 3)
- 🌐 Climate scenario analysis
- 🌱 Transition plans and resilience assessments

5. CLIMATE SCENARIO ANALYSIS

Analyse the resilience of the entity's strategy using at least 2 climate scenarios:



1.5°C Scenario
Low warming scenario



>2°C Scenario
High warming scenario

Consider different time horizons and key uncertainties.

6. RECORD KEEPING



Maintain sustainability records for **7 years**.

Examples include:

- Assumptions and methodologies
- Calculations and emissions data
- Board papers and decisions
- Supporting evidence and sources

7. ASSURANCE & AUDIT



Mandatory assurance phased in **from 2025**.

Full audit of sustainability reports required **by 2030**.

8. ASIC'S APPROACH



Proportionate and pragmatic



Education-focused during transition



Engage early and support compliance



Take enforcement action for: serious misconduct, reckless reporting, failure to report or misleading/unsupported disclosures



BOTTOM LINE:

RG 280 helps entities understand their obligations and how ASIC interprets the law, supporting transparent, comparable and decision-useful climate-related reporting that drives better long-term outcomes.



NEWS

ASIC and AASB launch sustainability reporting webinar series

Published **20 May 2026**



ASIC EDUCATIONAL MATERIALS ON SUSTAINABILITY



These modules are designed to build knowledge and capability to support high-quality sustainability reporting.



EARLY OBSERVATIONS

Key themes from ASIC's review of the first wave of mandatory climate reports



ASIC

Australian Securities and
Investments Commission

1



Judgements
must be clear
and effective

2



Don't let
additional
information
obscure
mandatory
information

3



Follow
cross-referencing
requirements

4



Avoid
inappropriate
disclaimers

5



Use past events,
current conditions
and forecasts
consistently

6



Be clear about
climate-related
targets



SECTION BREAK

Take a moment to relax, connect, and enjoy some light refreshments.

We'll resume shortly.



CHANGES TO ACCOUNTING STANDARDS EFFECTIVE FOR THE FIRST TIME FOR 30 JUNE 2026



AASB 121 AMENDMENTS

Exchangeability & Estimated Spot Exchange Rates



Foreign currency transactions are a normal part of doing business.



Challenges arise when a currency cannot be freely exchanged into another currency.



AASB 121 is amended to clarify how entities should estimate a spot exchange rate and what disclosures are required.



WHEN A CURRENCY IS EXCHANGEABLE

Entities use the spot exchange rate for translation.



LACKS EXCHANGEABILITY

Challenges arise when a currency cannot be freely exchanged into another currency.

AASB 121 – THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

PREVIOUSLY



No guidance existed on how to determine an exchange rate when exchangeability was lacking.



AMENDED



Entities must estimate a spot exchange rate when exchangeability is lacking.

NEW DISCLOSURES REQUIREMENTS



Entities must provide disclosures to help users assess the financial impact of lack of exchangeability.

A vibrant display of fireworks exploding in a dark night sky, with numerous colorful streaks of light radiating from a central point on the left side of the frame.

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

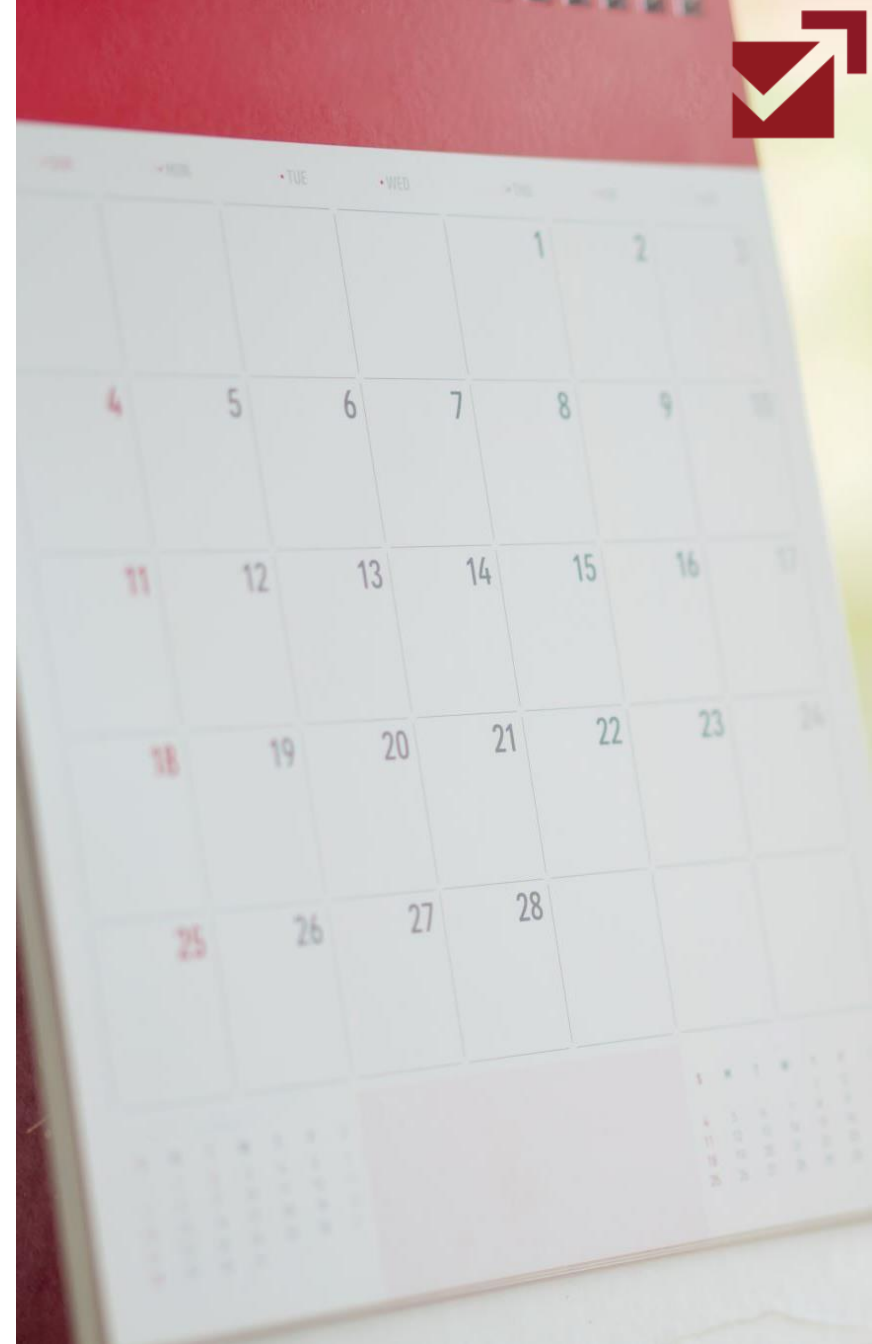
	First applicable annual period
AASB 18 <i>Presentation and disclosure in financial statements</i>	31 December 2027/ 30 June 2028
AASB 2024-2 <i>Classification and Measurement of Financial Instruments</i>	31 December 2026/ 30 June 2027
AASB 2024-3 <i>Annual Improvements - Volume 11</i>	31 December 2026/ 30 June 2027
AASB 2025-1 <i>Contracts referencing nature-dependent electricity</i>	31 December 2026/ 30 June 2027
IFRS 20 <i>Regulatory Assets and Regulatory Liabilities</i>	31 December 2029 / 30 June 2030
AASB 1061 <i>General Purpose Financial Statements - Not-for-Profit Private Sector Tier 3 Entities</i>	30 June 2030/ 31 December 20230



AASB 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

AASB 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

- Will replace AASB 101 (AASB 101) *Presentation of Financial Statements*
- Applicable for annual reporting periods beginning on or after 1 January 2027
 - 31 December 2027 and 30 June 2028 year ends
- First impact for half-year financial reports: For the 6 months ended 30 June 2027
- Adoption will require the restatement of 31 December 2026 (30 June 2027) comparatives
- Systems will need to be ready by 1 January 2026 / 1 July 2026
- Earlier application is permitted





AASB 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

Introduces 3 sets of new requirements which the IASB believe will improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies.

More structured
income
statement

Disclose and
report MPMs

Greater
disaggregation
of information

NEW DEFINED SUBTOTALS

Figure 1: Statement of profit or loss for most companies¹

Categories	Income Statement
Operating	Revenue
	Cost of sales
	Gross profit
	Other operating income
	Selling expenses
	Research and development expenses
	General and administrative expenses
	Goodwill impairment loss
	Other operating expenses
	Operating profit
Investing	Share of profit and gains on disposal of associates and joint ventures
	Profit before financing and income taxes
Financing	Interest expense on borrowings and lease liabilities
	Interest expense on pension liabilities and provisions
	Profit before income taxes
Income taxes	Income tax expense
	Profit from continuing operations
Discontinued operations	Loss from discontinued operations
	Profit

Source: IASB AASB 18 Project Summary <https://www.ifrs.org/content/dam/ifrs/project/primary-financial-statements/ifrs-standard/projects/summary-ifrs18-april2024.pdf>



MORE STRUCTURED INCOME STATEMENT

Defined differently to AASB 107

- More structured income statement and provide the user with greater comparability
AASB 18 introduces three defined categories for income and expenses:





SPECIFIED MAIN BUSINESS ACTIVITY

Invests in assets


Provide finance to customers

Investment income & expenses

Interest income & expenses arising from the liabilities that relate to providing finance to customers

Operating Category

EXAMPLE - CURRENT FORMAT UNDER AASB 101



	\$
Revenue	500,000
Finance Income	150,000
Income from JVs and Associates	200,000
Gain from disposal of investment	500,000
Materials, consumables and office expense	(300,000)
Employee benefit expense	(250,000)
Depreciation and amortisation expense	(75,000)
Finance costs	(100,000)
Profit before income tax	625,000
Income tax expenses	(200,000)
Profit for the year	425,000

EXAMPLE - AASB 18

	\$
Revenue	500,000
Materials, consumables and office expense	(300,000)
Employee benefit expense	(250,000)
Depreciation and amortisation expense	(75,000)
Operating profit	(125,000)
Finance Income	150,000
Income from JVs and Associates	200,000
Gain from disposal of investment	500,000
Profit before financing and income taxes	725,000
Interest expense on borrowings and lease liabilities	(100,000)
Profit before income tax	625,000
Income tax expenses	(200,000)
Profit for the year	425,000



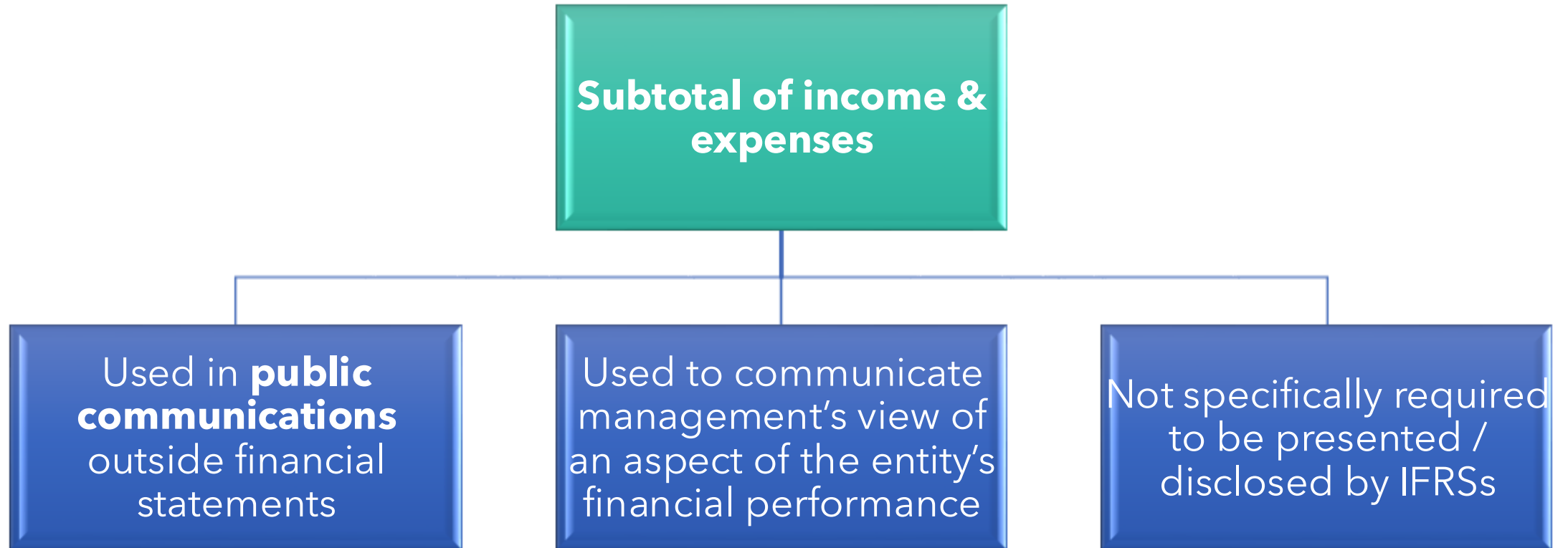
Operating

Investing

Financing



MANAGEMENT-DEFINED PERFORMANCE MEASURES (MPMS)





MPMS



Explanations of why, in management's view, the MPM provides useful information about the entity's financial performance



How the MPM is calculated



Reconciliation to the nearest comparable IFRS subtotal



Subject to audit

POTENTIAL IMPACTS



New subtotal of **Operating Profit** excluding income from JVs, associates and investments

Entities may need to “**remap**” their accounting systems

Subsidiaries may have different main business activities to the group and therefore items may be presented differently to the Group

Identifying MPMs and incorporate the MPM disclosures into the financial statements



WHAT ORGANISATIONS NEED TO PREPARE FOR

1



Income Statement Redesign

- Reclassify income and expenses into operating, investing, financing, tax, and discontinued operations categories.
- Establish consistent classification policies and account mappings.

2



New Mandatory Subtotals

- Introduce required subtotals such as:
 - Operating Profit or Loss
 - Profit Before Financing and Income Taxes
- Reported performance may appear different despite unchanged business economics.

3



Expanded Disclosure Requirements

- Non-IFRS metrics used externally (e.g., Adjusted EBIT) may qualify as Management-Defined Performance Measures (MPMs).
- MPMs require:
 - Clear descriptions
 - Reconciliations to the closest IFRS measure

4



Systems & Controls Updates

- ERP structures and reporting packages may need redesign.
- Strengthen internal controls to ensure consistent classification across entities and periods.

5



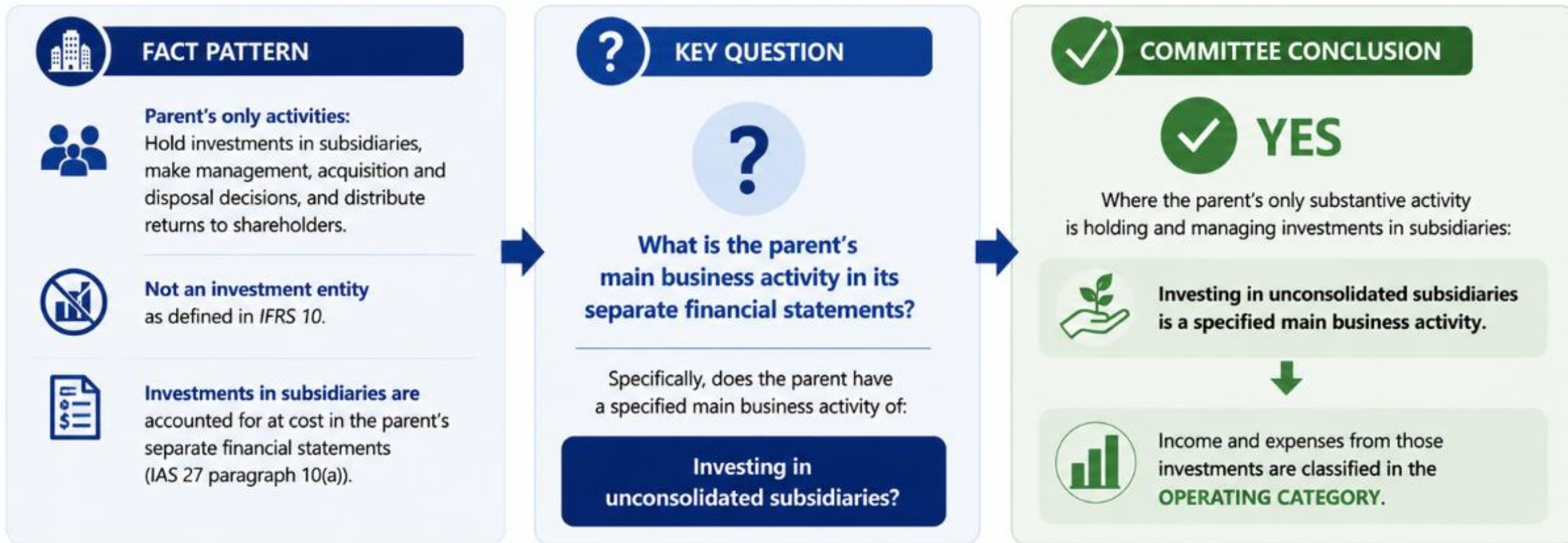
Impact on KPIs & Covenants

- Presentation changes can affect reported profit measures.
- Review:
 - Debt covenants
 - Management KPIs
 - Incentive and bonus plans
- Prevent unintended contractual or performance measurement consequences.



IFRS IC AD ON IFRS 18

ASSESSMENT OF A SPECIFIED MAIN
BUSINESS ACTIVITY IN SEPARATE
F/S OF A PARENT



IFRS IC AGENDA DECISION ASSESSMENT OF A SPECIFIED MAIN BUSINESS ACTIVITY



IFRS IC AD ON IFRS 18

CLASSIFICATION OF A FX
DIFFERENCE FROM AN INTRAGROUP
MONETARY LIABILITY (OR ASSET)



1 FACT PATTERN



Parent and subsidiary have different functional currencies.



They enter into an intragroup loan that is:

- denominated in either party's functional currency; and
- not part of the parent's net investment in the subsidiary.



The party for which the loan is a foreign currency monetary item applies IAS 21 and recognises any exchange difference in profit or loss.



On consolidation (IFRS 10), the parent eliminates the loan, related income, expenses and cash flows—but not the exchange difference (IAS 21.45). The exchange difference is recognised in the consolidated profit or loss.



1. Intragroup Monetary Item Exists

Parent (USD) lends €1,000,000 to its subsidiary.



The loan is a monetary item denominated in a currency that is foreign to one party.

This creates exposure to changes in exchange rates.

2. Exchange Rates Change

At each reporting date, the loan is translated into the functional currency of the reporting entity.

Date	Exchange Rate (EUR/USD)	Carrying Amount of Loan in USD
Initial recognition	1.10	\$1,100,000
Reporting date	1.20	\$1,200,000



Because the exchange rate has changed, the USD carrying amount of the loan also changes.

3. Exchange Difference Arises

The change in the USD carrying amount gives rise to an exchange difference.



Exchange difference

$$\$1,200,000 - \$1,100,000 = \$100,000 \text{ (exchange gain)}$$

Recognised in profit or loss in accordance with IAS 21.



Key takeaway

The intragroup monetary liability (or asset) is the item that gives rise to the exchange difference because it represents a commitment to convert one currency into another and exposes the entity to gains or losses from currency fluctuations (IAS 21.45).



On consolidation

The loan and related income, expenses and cash flows are eliminated. However, the exchange difference is not eliminated and is recognised in the consolidated profit or loss (IAS 21.45).



How should the exchange difference be presented under IFRS 18?

Agenda Decision: Two Possible Views

Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability (or Asset)
(IFRS 18 Presentation and Disclosure in Financial Statements)



The Committee concluded that a reasonable reading of paragraph B65 of IFRS 18 results in two possible ways to classify the exchange difference.



Key principle (IFRS 18.B65)

Classify foreign exchange differences in the same category 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 (see B68).

1

VIEW 1 – DEFAULT TO OPERATING CATEGORY



The income and expenses from the item that gave rise to the exchange difference are not included in the consolidated profit or loss. Therefore, the entity cannot identify the “same” category in the consolidated profit or loss.



By default, classify the exchange difference in the operating category (IFRS 18.52).



When this view applies

- When there is no “same” category within the consolidated profit or loss to which the exchange difference can be classified.



Example

Intragroup loan income and expenses are eliminated on consolidation, so no same category exists in the consolidated profit or loss. Therefore, classify the exchange difference in operating.

OR

2

VIEW 2 – SAME CATEGORY AS BEFORE ELIMINATION (or operating if undue cost or effort)



The exchange difference arose from the intragroup loan before the elimination of that loan—and of any income and expenses (other than the exchange difference)—on consolidation.



Classify the exchange difference in the category in which the income and expenses from the intragroup loan would have been classified before their elimination.



However, if doing so would involve **undue cost or effort** (IFRS 18.B68), classify the exchange difference in the **operating category**.



Example

If interest income from the intragroup loan would have been classified in financing before elimination, classify the exchange difference in financing—unless undue cost or effort, in which case classify in operating.



IFRS IC AD ON IFRS 18

CLASSIFICATION OF GAINS AND
LOSSES ON A DERIVATIVE MANAGING
A FOREIGN CURRENCY EXPOSURE



THE REQUEST



How does an entity classify the gains or losses from a **derivative (forward contract)** used to manage a **foreign currency risk of a net liability exposure** in the **consolidated statement of profit or loss**?

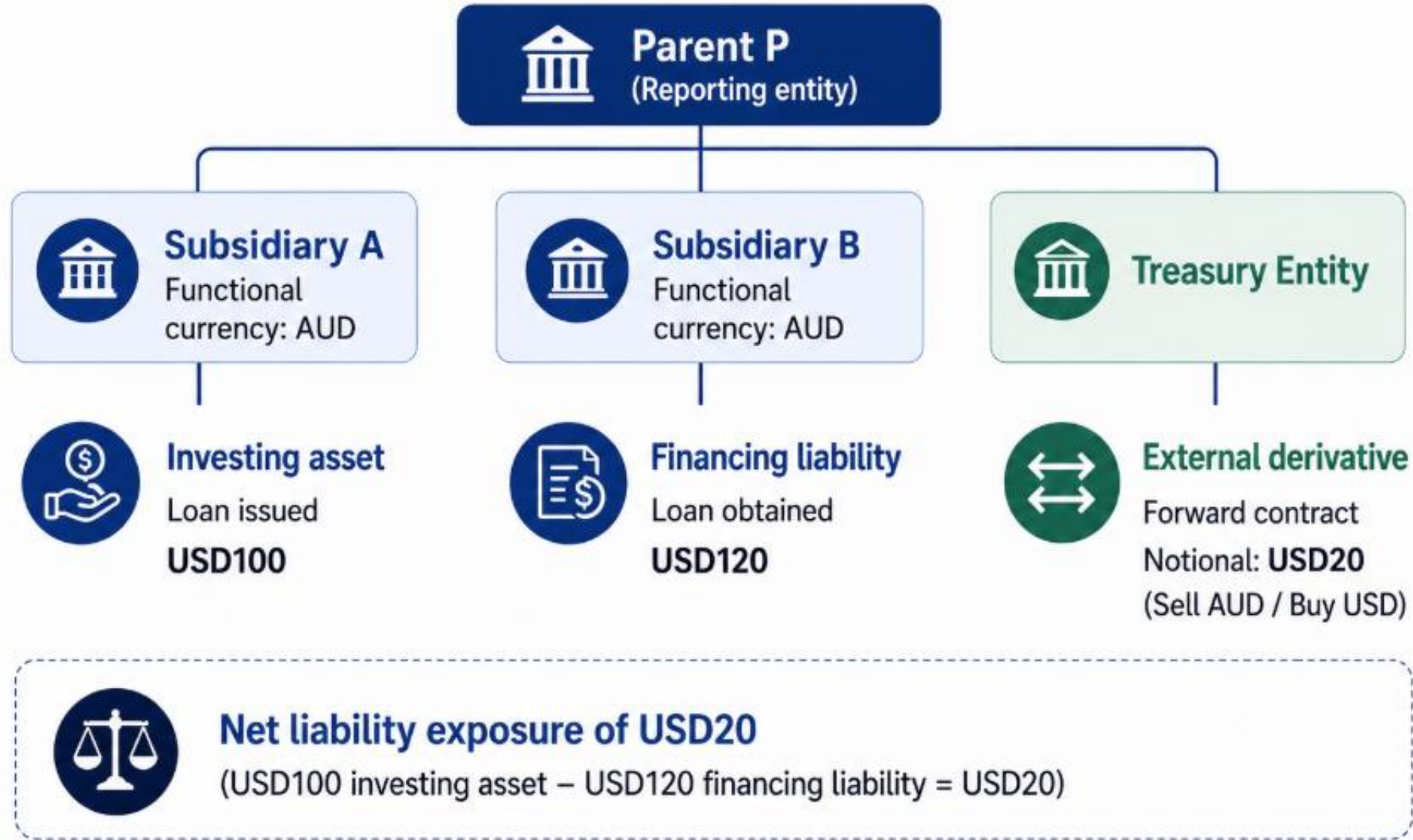


The derivative is **not designated as a hedging instrument** under the hedge accounting rules in IFRS 9.





FACT PATTERN (GROUP STRUCTURE AND EXPOSURE)





APPLYING THE REQUIREMENTS: REASONING



1 Identify the risk



The external derivative is used to manage the foreign currency risk of the group's net liability exposure (FC20).



2 Identify affected line items



The risk affects interest expense on the financing liability (classified in the **financing category**).



3 Assess grossing up



Classifying the derivative in the financing category **does not** require grossing up of gains or losses.




4 Conclusion



Therefore, gains and losses on the external derivative are classified in the **financing category**.



Key takeaway: Classify gains and losses in the same category as the affected line items, unless doing so would require grossing up of gains or losses or involve undue cost or effort.



AMENDMENTS TO CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS



OVERVIEW OF THE AMENDMENTS

Effective date:
1 January 2026

Derecognition of financial liabilities when using an electronic payment system

Classification of financial assets with ESG linked features

Financial assets with non-recourse features

Additional disclosures for equity instruments classified at FVOCI



General derecognition rule in AASB 9 for financial liabilities



SETTLEMENT DATE

i.e. when cash is received by the creditor



B3.3.8 introduces new guidance when derecognising financial liabilities that are settled with cash using an **electronic payment system**.



Key takeaway

For most liabilities, derecognition occurs on the **settlement date** (when cash is received). The B3.3.8 exception is very narrow and applies only when **all criteria are met** for cash settlements using an eligible electronic payment system.



IFRS 9.B3.3.8 – Settlement in cash using an electronic payment system



Permitted to deem the financial liability to be discharged before the settlement date if, and only if, the entity has **initiated a payment instruction** and meets **ALL** of the following criteria:



There is no practical ability to withdraw, stop or cancel;



The entity has no practical ability to access the cash to be used for settlement; and



The settlement risk associated with the electronic payment system is insignificant.



Limitation of the exception



Not available for other settlement methods.
E.g.: Cheques, Debit, Credit cards



Not available for electronic payment systems that do not meet the IFRS 9.B3.3.8 criteria



Does not apply to financial assets
e.g. trade receivables / inter company
loan receivables



**AASB 2024-3
ANNUAL IMPROVEMENTS
VOLUME 11**





AMENDMENTS MADE

AASB 9

Lease Liability Forgiveness

- ✓ Lessor forgives lease payment
- ✓ Derecognise forgiven amount from lease liability
- ✓ Recognise gain in **Profit or Loss**



NO ADJUSTMENTS TO ROU
Right-of-use asset remains unchanged



IFRS 20 REGULATORY ASSETS AND REGULATORY LIABILITIES

IFRS 20

Regulatory Assets and Regulatory Liabilities



A new IFRS Accounting Standard for entities subject to rate regulation

1 WHAT IS IFRS 20?



- ✓ Sets out the requirements for recognising, measuring, presenting and disclosing regulatory assets and regulatory liabilities arising from rate regulation.
- ✓ Applies when a regulator determines how much an entity can charge customers and when those amounts can be charged.

2 RECOGNITION AND MEASUREMENT MODEL

REGULATORY ASSET



Recognise when the entity has provided goods or services (or incurred costs) and is entitled to recover the related amount through future rates.

Measured at the amount of the difference between:

- the consideration allowed by the regulator (including amounts already collected); and
- the revenue recognised (or costs incurred).

REGULATORY LIABILITY



Recognise when the entity has collected amounts from customers (or avoided costs) and must either refund or offset those amounts through future rates.

Measured at the amount of the difference between:

- the consideration allowed by the regulator (including amounts already collected); and
- the revenue recognised (or costs incurred).

3 APPLICATION IN AUSTRALIA



- ✓ IFRS 20 is expected to be adopted in Australia in due course as an AASB Standard, subject to the AASB's normal due process and Australian endorsement.

Entities likely to be affected include:



Electricity networks
(transmission and distribution)



Gas distribution networks



Water utilities



Transport infrastructure operators



Other infrastructure entities subject to rate regulation

4 EFFECTIVE DATE



Annual reporting periods beginning on or after

1 January 2029

Early application permitted.

AASB launches new Tier 3 Standard for smaller NFPs



Released 2026

TIER 3

AASB 1061

General Purpose
Financial Statements –
Not-for-Profit Private
Sector Tier 3 Entities



1



WHAT'S NEW?

New Tier 3 Standard AASB 1061 introduces a simplified general purpose financial reporting framework for eligible smaller NFPs.

2



WHY IT MATTERS

Less complexity and fewer disclosure requirements.

3



WHO BENEFITS?

Smaller NFPs can prepare financial statements more efficiently.

4



KEY OUTCOME

Better reporting with the information that matters, through a proportionate reporting option.



Developed with the NFP sector

to strengthen financial reporting while reducing reporting burden.



IFRS IC AGEDA DECISION: DETERMINING AND ACCOUNTING FOR TRANSACTION COSTS



QUESTION ASKED

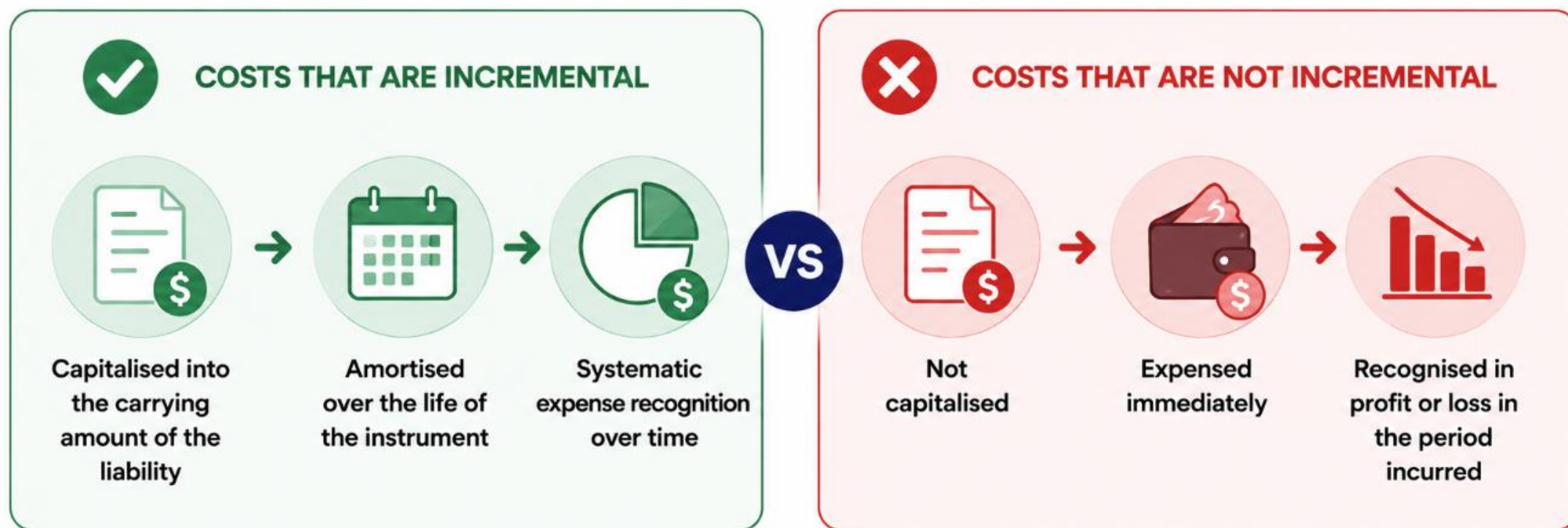


The question is whether such pre-contract costs are '**incremental**' and therefore meet the definition of **transaction costs** in IFRS 9.





WHY IT MATTERS





FACT PATTERN



FIRST VIEW



Costs incurred before entering into the contractual arrangement



Contractual arrangement not yet in place



Do not meet the definition of transaction costs under IFRS 9



Consequently:

Expensed immediately in profit or loss when incurred.



SECOND VIEW



Costs incurred before entering into the contractual arrangement



Contractual arrangement not yet in place



Meet the definition of transaction costs under IFRS 9



Consequently:

Capitalised into the carrying amount of the liability and amortised over the life of the financial instrument.



COMMITTEE FINDINGS






 **No significant diversity in practice** was identified.

  Costs incurred before signing a contract **can still qualify as transaction costs** under IFRS 9 if they are  **directly attributable** to the origination or issuance of the financial instrument.



These costs are usually recognised in the **statement of financial position** as:

 **PREPAYMENTS**   **OTHER ASSETS**



COMMON PITFALLS IN FINANCIAL REPORTING





COMMON PITFALLS IN FINANCIAL REPORTING

SBP
Cancellations &
Modifications

Asset vs
business
combination

IFRS 9 FVOCI

Cloud
computing -
SAAS costs

Lease
renegotiation -
new lease vs
modification



QUESTIONS?



30 JUNE 2026 FINANCIAL REPORTING UPDATE