



GLOBAL IFRS REQUIREMENTS



SAUDI-SPECIFIC ENDORSEMENT



CMA REGULATORY UPDATE



1 IFRS 18 vs IAS 1 – Key Changes at a Glance

IAS 1 (Existing)		IFRS 18 (New)
Flexible P&L presentation	»	Five defined categories
Operating profit not defined	»	Mandatory Operating Profit subtotal
No MPM framework	»	Management Defined Performance Measures (MPMs) disclosure & reconciliation
Flexible subtotals	»	Standardized subtotals
Limited aggregation guidance	»	New aggregation & disaggregation principles
Less prescriptive disclosures	»	Enhanced disclosure requirements
Entity-specific presentation	»	Improved comparability

2 Implementation Roadmap



Management Defined Performance Measures (MPM):
Subtotals of income and expenses used by management in its internal reporting to assess financial performance. IFRS 18 requires entities to disclose MPMs and reconcile them to the most directly comparable subtotal in the financial statements.

3 Saudi-Specific Requirements under the SOCPA Endorsement

01

Zakat & Income Tax Category

- Classified in a separate category in P&L
- New subtotal: Profit before Financing and Zakat / Income Taxes

02

Additional Disclosure Requirements

- Finance income
- Finance costs
- Other gains
- Separate disclosure of material conventional and Islamic financing

03

Islamic vs Conventional Financing

- Murabaha ↔ Loans
- Tawarruq ↔ Bonds
- Sukuk ↔ Conventional Funds
- Sharia Funds ↔ Traditional Funds

04

Greater Financial Statement Disaggregation

- PPE
- Receivables
- Inventories
- Financial Assets
- Financial Liabilities
- Trade Payables
- Provisions
- Equity (and others)

05

Saudi Terminology Alignment

- Statement of Financial Performance → Income Statement
- Profit or Loss → Net Income (where applicable)

06

Effective Date

- Mandatory: 1 January 2027
- Early adoption: Permitted

4 CMA Regulatory Update for Listed Joint Stock Companies



Based on the Capital Market Authority announcement, Listed Joint Stock Companies are required to disclose the expected impact of IFRS 18 in their interim financial statements for the **second quarter ended 30 June 2026**.



Impact Assessment



Expected Impact Disclosure



Significant Judgements



Enhanced Investor Transparency

5 Is Your Organization Ready?

Financial Statement Mapping	Islamic Financing Classification
Chart of Accounts Assessment	Investor Communication Review
MPM Assessment	Q2 2026 CMA Disclosure
SOCPA Disclosure Review	Dry Run Financial Statements

6 Why Start Early?



Reduce implementation risk



Avoid last-minute reporting issues



Improve reporting quality



Enhance investor confidence



Support smoother audit process



Prepare for 2027 adoption



Need to discuss the impact of IFRS 18?

We are pleased to discuss practical implementation considerations, transition challenges and leading practices, subject to applicable independence and professional ethics requirements.



In-depth Analysis



Practical Insights



Implementation Support



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