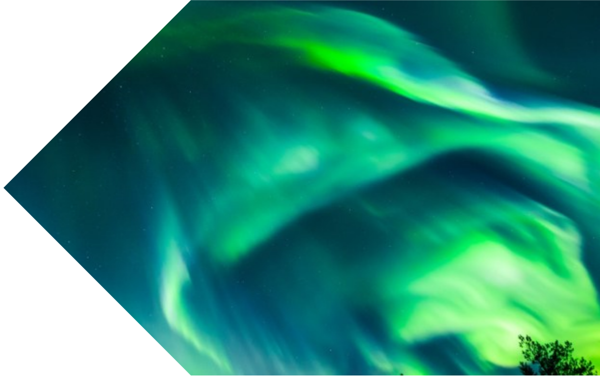
MOORE

APRIL 2025



IFRS IN BRIEF

IFRS 2 *Share-based Payment*

SCOPE

IFRS 2 applies to all transactions where in exchange for goods or services the entity provides either:

- Equity instruments of the entity, or another group entity, provided any vesting conditions are met (equity-settled)
- Cash or other assets that are based on the price or value of the entity, or another group entity's, share price (cash settled).

IFRS 2 does not apply to transactions where equity instruments are provided that are in the scope of:

- IFRS 3 *Business Combinations*
- IFRS 9 *Financial Instruments/* IAS 32 *Financial Instrument: Presentation*

SHARE-BASED PAYMENT CONDITIONS

The treatment of conditions in Share-based payment (SBP) arrangements depends on the nature of the conditions. This includes

Vesting conditions

Vesting conditions are conditions that determine whether or not the entity receives the goods or services that it was entitled to in exchange for the equity instruments. This is further broken down into:

- *Market conditions*
  a condition on which the exercise price, exercisability or vesting of an equity instrument depends on the entity's equity price.

  Market-based vesting conditions are reflected in the fair value of the SBP award at grant date and, for equity-settled rewards, the fair value is not updated to reflect the actual outcome of the condition.

- *Non-market conditions, including service conditions*
  These conditions can relate purely to service, or other aspects of the entity's performance that are not related to the entity's equity price.

  Non-market vesting conditions are not reflected in the fair value of the award. Instead, it should be reflected in the number of instruments that are expected to actually vest, and update that estimate each reporting date and the ultimate expense shall be based on the actual number of instruments that have vested.

Non-vesting Conditions

Meeting or not meeting a non-vesting condition does not impact whether or not the entity gets the goods or services that it is entitled to. The impact of the non-vesting condition is reflected in the fair value of the award, and it is not updated to reflect actual outcomes.

RECOGNITION AND MEASUREMENT

Equity-settled – with employees

Measured at the fair value of the equity instruments awarded measured at grant date. The SBP is recognised over the vesting period.

Equity-settled – with non-employees

Measured at the fair value of the goods or services received, or if not reliably measurable, the fair value of the equity instruments issued. The fair value is determined and recognised on the date the goods or services are received

Cash-settled

Measured initially at the fair value at grant date and recognised over the vesting period. The liability shall be remeasured each balance date until it is settled, to its fair value at the end of each reporting period, with the change recognised in profit or loss for the period.

Choice of settlement

Where there is a choice of settlement between cash or equity, the treatment will depend on who has the choice of settlement.

- If the counterparty has the choice between cash or equity settlement, the arrangement is a compound instrument. The liability component is recognised first, with any additional equity value recognised separately.
- If the entity has the choice, the SBP shall be accounted for as cash-settled if choosing equity settlement lacks commercial substance or the entity has a stated policy, or past practice of settling in cash.

Changes to Equity settled awards

Changes in SBP are not common, some changes that might arise include:

- Where an entity-settled SBP is modified, at a minimum the amount recognised shall be based on the terms of the original terms, assuming the non-market vesting conditions are met. If the modification results in additional value for the counterparty, that additional expense shall also be recognised. A reduction in value is not recognised.
- Where a SBP is cancelled, it is accounted for as an acceleration of vesting and the remaining expense is recognised immediately.

GROUP SHARE-BASED PAYMENTS

Where the SBP is awarded by another entity within a group[1], it shall be treated in the separate financial statements of group entities as follows:

- In the separate financial statements of the entity receiving the goods or services, the SBP shall be accounted for as either a cash or equity-settled award, based on their own rights and obligations at the time they receive the benefit of the goods or services.
- In the separate financial statement of the entity settling the award, shall only account for it as equity settled, when it is settled in their own equity instruments, and not in equity instruments of other group entities.

[1] The term 'group' includes only a parent and its subsidiaries (as per IFRS 10 Consolidated Financial Statements)

DISCLOSURES

Detailed disclosures are required to understand the nature and extent of SBP transactions during the period. This includes details, terms and conditions of any awards that existed during the period as well as details on how their fair values have been determined.

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