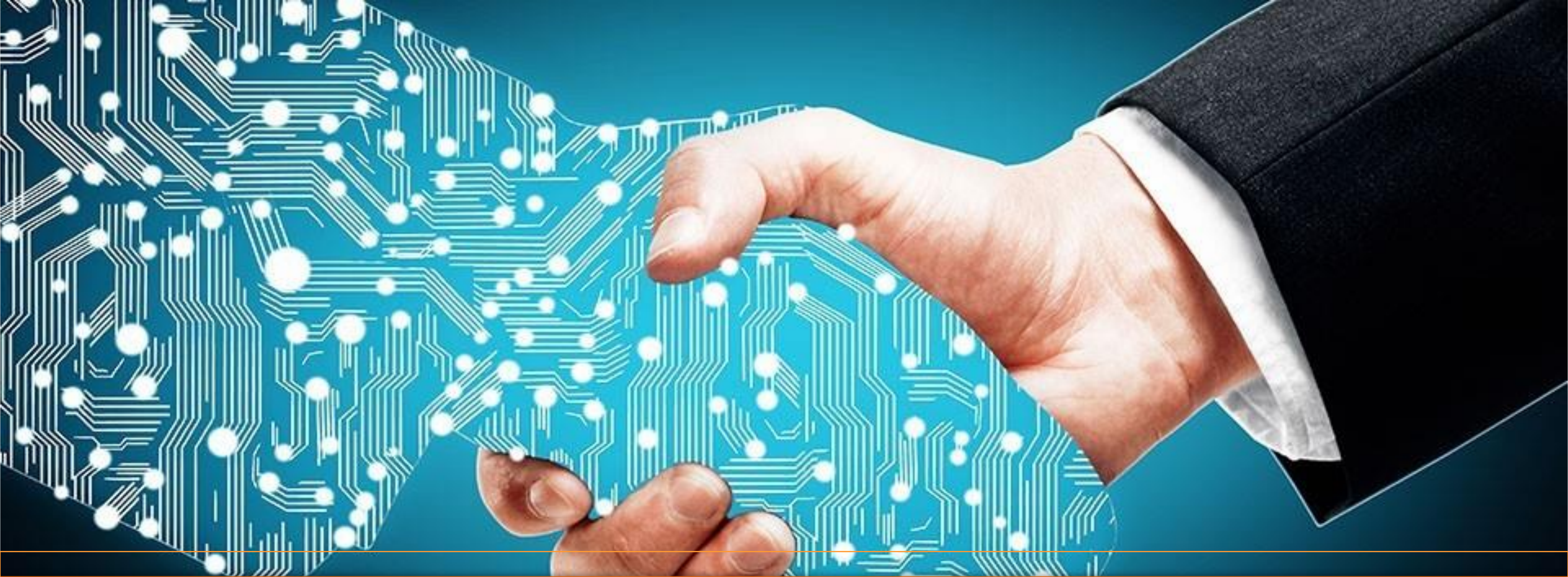

ESEF, current status update from the NBA

Enrico Evink

Koninklijke Nederlandse
Beroepsorganisatie
van Accountants

NBA

Nederland rekent op zijn accountants.

Agenda

1. ESEF changes for 2025
2. Future developments for ESEF
3. Assurance on ESEF
4. SBR 2.0
5. Lessons learned
6. Q&A

Enrico Evink
Partner EY Accountants B.V.
Board Member XBRL Netherlands,
Member NBA work group digital assurance

Polling question (1)

What was the impact of the inclusion of the CSRD information on the ESEF audit last year?

<u>Companies</u>

A. CSRD reporting has no impact on our publication date
B. CSRD reporting has led to a delay of our publication date

<u>Auditors</u>

C. The ESEF Audit went just as smoothly as in prior years
D. The ESEF Audit was more challenging compared to last year

<u>Users</u>

E. We have used the CSRD information reported in our assessments
F. We have <u>not</u> used the CSRD information reported in our assessments

ESEF changes in 2025

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Changes in 2025

The following are the main changes which are relevant for the 2025 financial statements:

1

ESEF Taxonomy 2024 / 2025

The 2024 taxonomy must be used (in case last year the 2022 taxonomy was used an update is required). After adoption the 2025 taxonomy can be also be used. For company extensions when using the 2024 taxonomy, if the element is present in the 2025 taxonomy, the same attributes are to be used

2

ESMA Reporting manual 2025

Yearly, the ESMA updates its ESEF reporting manual, which provides guidance on the preparation of ESEF annual financial reports. The new reporting manual is applicable for financial statements starting on or after January 1, 2025.

3

AFM updates & ESMA enforcement priorities 2025

The local officially appointed mechanism can also add additional requirements, currently there are no new requirements known. From prior years the most important is the size limit of 100MB. ESMA has issued their enforcement priorities. For ESEF these are focused on the tagging of the Cashflow statement.

RTS: EUR-Lex - 02019R0815-20250101 - EN - EUR-Lex RTS 2024: RTS_on_ESEF_-_2025.pdf

Reporting Manual: ESMA32-60-254 ESEF Reporting Manual (europa.eu) ESMA Enforcement priorities: ESMA enforcement priorities for 2025

1 ESEF Taxonomy 2024

For financial statements 2025 the 2024 taxonomy is required

1

Mandatory for 2025 financial statements

The **2024 ESEF taxonomy** is required to be used for tagging the **2025** ESEF AFRs. Previous taxonomies are no longer allowed to be used. This means for most companies an update is required (as most chose last year to use the 2022 Taxonomy.)

2

New elements for the 2024 taxonomy

The 2024 ESEF taxonomy includes new elements and removes some other elements. For extension elements used last year check if there are now elements included in the 2024 taxonomy. In addition the taxonomy 2024 introduces calculations 1.1.

3

CSRD tagging

The EFRAG has released its draft taxonomy for the CSRD (and art 8 taxonomy) tagging. This is not yet included in the ESEF taxonomy 2024 and as such this cannot be referenced directly. Tagging is not mandatory for 2024. Based on the currently applicable RTS article 5 prohibits tagging other parts of the financial report (such as the board report) unless it is included in a member state taxonomy, which is currently not the case for CSRD.

1 ESEF Taxonomy 2025

Applicable for financial statements starting on or after 1-1-2026

1

Mandatory for 2026 financial statements

The 2025 taxonomy is prepared by ESMA and currently in the endorsement process and is required for **2026** financial statements but can be used (voluntarily) after adoption. As the ESMA is later then last year if the same time is taken this would be end of March/ early April

2

New elements for the 2025 taxonomy

The 2025 ESEF taxonomy contains the elements for IFRS 18 and IFRS 19. In line with this there are two lists of mandatory elements, one with (early) adoption of IFRS 18 & 19 and one without the adoption of IFRS 18 & 19. These new elements are only allowed to be used after EU adoption of these new IFRS standards. There are also some other new and retired elements

3

CSRD tagging

The new taxonomy does not contain CSRD tagging. Pending Omnibus it is not clear when the CSRD tagging will be incorporated in the ESMA taxonomy. As mentioned before as long as it not included in the member state Taxonomy, it is not allowed to tag the CSRD information.

2 ESMA Reporting Manual 2025

Some relevant changes / highlights in ESMA reporting manual:

1

New technical requirements

Application of the report package specification 1.0 is to be used and Calculations 1.1 is now also required to be used.
In case of images not embedded in the (x)HTML they need to be included in the ESEF package

2

Reenforced: Tagging of empty field

The recommendation from ESMA is to always tag the empty fields, zeroes, "n/a" or "-" when 'read' as a zero. Especially if it is a 'rounded' zero. **The exception for the non-existing comparatives in the Equity statement is removed!**

3

Reenforced: Naming convention

The ESMA now made it a 'should' requirement that the naming convention for the ESEF file is followed:{name or LEI}-{date}-{version}-{lang}.xbri

4

Escape attributes for stringitemtypes

Last year ESMA included that escape must be set to False for stringitemtype. This is now nuanced that if there are "<" or "&" characters in the text the escape attribute should be set to 'true' and in all other cases to false.

For all Block tags the Escape attribute must be set to 'true',

5

Period date for Instance

The recommendation from prior years to include the date as 2024-12-31 instead of 2025-01-01, is replaced with a requirement as this is now in the XBRL specification

6

IFRS 18 (Taxonomy 2025)

For IFSR 18 there is an additional entrypoint included so companies can familiarize themselves with the new elements. Als there are two sets of mandatory elements (with and without IFSR 18 & 19). Early use is allowed after adoption by EU

Future developments for ESEF

Future developments
CSRD and impact on ESEF Annual report

- Last year was the first year of CSRD reporting, but currently the Dutch legislation is still not transposed. (it is expected before the end of the year)

- One of the Omnibus proposal would remove the CSRD required from part of the listed clients, but only from 2026 onwards. This means that for 2025 it is still required.

- **Remember:** as the CSRD disclosures form a part of the total ESEF annual financial report (i.e. part of the reporting package, even though it remains untagged), it is key that the CSRD disclosure requirements are prepared on time, to ensure that this does not result in a delay on finalizing the audit of the financial report around reporting date. As any changes made to the ESEF annual financial report, whether it is within the tagged information or outside of it, result in a new hash total identifier and thereby result in an additional version of the ESEF annual report which needs to be assessed.

Future developments

Consulted Proposed changes RTS for ESEF and tagging approach

- Holistic approach by ESMA
- Addition of Booleans
- Change in the timelines to release an updated RTS
- Phased approach of implementation
- Inclusion of the EFRAG taxonomy in ESMA taxonomy
- Revision on the tagging of the notes
  - Remove required 'multi tagging'
  - Separate tagging of tables (phase 2)
  - Reduce number of mandatory elements
- ESMA is now going through the responses. Impact on 2026 audits possible as early adopters.

NL-RTS indicates they will follow the EU approach for block tagging with one year delay.

Assurance on ESEF

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van Accountants

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Assurance on ESEF

NBA standard 3950N - Reminder of the work to be performed by the auditor

ESEF audit work relates to:

Technical aspects of the 'build' taxonomy

Technical aspects of the Annual Report

Auditor

Accuracy of the tagging / anchoring

Completeness of the tagging of information

Assurance on ESEF - Examples (1 tagged numbers?)

(44 157)	**(14 998)**
(13 048)	(3 487)
484	1 452
8 187	(22 565)
(159)	(118)

(44 157)	**149998)**
(13 048)	(3 487)
484	1 452
8 187	(22 565)

(44 157)	**(14 998)**
(13 048)	(3 487)
484	1 452
8 187	(22 565)
(159)	(118)
-	-

```
▼<span id="t1f_100" class="S16AA SB4 S2">
  "(14 "
  ▼<span style="position:absolute;z-index:1;top:0;left:0;width:100%;height:100%;color:transparent"> == $0
     <ix:nonFraction contextRef="C0-3000737221" name='      :OperatingProfitLossBeforeStrategicAndRestructuringLitigationImpairmentAndDisposalOfAssetsCosts" unitRef="EUR" scale="3" decimals="-3" sign="-" format="ixt:num-dot-decimal">14998</ix:nonFraction>
  </span>
</span>
<span id="t1g_100" class="S16AB SB4 S2">998) </span>
```

Assurance on ESEF - Examples (2 Included styling information)

Restatement of the comparative period

The Group took over the control of 31 December 2022 when increased its shareholding from %. As at 31 December 2022 gained full control effectively (described in detail in chapter). The acqui-sition accounting was prepared on a provisional basis. During

↑ Disclosure of business combinati

Show reporting period: 2023-01-0

```
▾<ix:nonNumeric id="Fxbrl_20240426134019023" name="ifrs-full:DisclosureOfB
usinessCombinationsExplanatory" contextRef="C_20230101to20231231"
continuedAt="F20240426134123408" escape="true">
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  te-space:pre;z-index:2">. </div>
  <div style="bottom:365px;color:#FF5000;font-family:OpenSans-Bold_s9p_c0
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  t:1.5;overflow:visible;position:absolute;tra
  hite-space:pre;word-spacing:0.03px;z-index:2'
  comparative period</div> == $0
  <div style="bottom:341px;color:#000;font-fam
  cba;font-size:12px;left:76px;letter-spacing:(
  flow:visible;position:absolute;transform-orig
  e:pre;word-spacing:-0.79px;z-index:2">The Gro
  of as 31 December</div>
  <div style="bottom:324px;color:#000;font-fam
  cba;font-size:12px;left:76px;letter-spacing:(
  flow:visible;position:absolute;transform-orig
  e:pre;word-spacing:3.41px;z-index:2">2022 whe
  its shareholding from</div>
  <div style="bottom:308px;color:#000;font-fam
  cba;font-size:12px;left:76px;letter-spacing:(
  flow:visible;position:absolute;transform-orig
  e:pre;word-spacing:0.32px;z-index:2">
  December 2022 gained full</div>
  <div style="bottom:291px;color:#000;font-fam
  cba;font-size:12px;left:76px;letter-spacing:(
  flow:visible;position:absolute;transform-orig
  e:pre;word-spacing:0.49px;z-index:2">control
  detail in chapter ). The acqui-</div>
  <div style="bottom:274px;color:#000;font-family:OpenSans_s91_f1ce2fc93d
  cba;font-size:12px;left:76px;letter-spacing:0.12px;line-height:1.5;over
  flow:visible;position:absolute;transform-origin:bottom left;white-spac
  e:pre;word-spacing:0.84px;z-index:2">sition accounting was prepared on
  a provisional basis. During</div>
```

Assurance on ESEF - Examples (3 Tables or not)

Contract balances

The Group has recognised the following assets and liabilities rela

customers:

(EUR x 1,000)
Unbilled revenue on (complete
Trade receivables
Advance instalments to work i

Contract balances

The Group has recognised the fo

customers:

(EUR x 1,000)

Unbilled revenue on (completed) projects

Trade receivables

Advance instalments to work in progress

```
▼<span style="position: absolute; display: inline-block; left: 0px; top: 21.6934px; width: 543.053px; white-space: pre; wo
rd-spacing: -0.108px; letter-spacing: 0.108px; margin-left: 0px; font-size: 12px; font-family: ff4; color: rgb(35, 31, 3
2); -webkit-text-stroke: 0.18px rgba(0, 0, 0, 0);">
  <span style="display: inline-block;">Unbilled rev</span>
  <span style="word-spacing: -0.108px; letter-spacing: 0.108px; display: inline-block; margin-left: -0.4995px; width: 0p
  x; font-size: 12px; font-family: ff4; -webkit-text-stroke: 0.18px rgba(0, 0, 0, 0);"></span>
  <span style="display: inline-block;">enue on (</span>
  <span style="word-spacing: -0.108px; letter-spacing: 0.108px; display: inline-block; margin-left: -1.0275px; width: 0p
  x; font-size: 12px; font-family: ff4; -webkit-text-stroke: 0.18px rgba(0, 0, 0, 0);"></span>
  <span style="display: inline-block;">completed) projec</span>
  <span style="word-spacing: -0.108px; letter-spacing: 0.108px; display: inline-block; margin-left: 0px; width: 0.58008p
  x; font-size: 12px; font-family: ff4; -webkit-text-stroke: 0.18px rgba(0, 0, 0, 0);"></span>
  <span style="display: inline-block;">ts</span>
 ▼<span style="word-spacing: -0.108px; letter-spacing: 0.108px; display: inline-block; margin-left: 0px; width: 122.977p
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    <span style="display: inline-block;"> </span>
  </span>
 ▼<span style="word-spacing: -0.1575px; letter-spacing: 0.1575px; display: inline-block; margin-left: 0px; font-size: 10.
  5px; font-family: ff2; color: rgb(67, 122, 164); -webkit-text-stroke: 0.18px rgba(0, 0, 0, 0);">
    <span style="display: inline-block;">23</span>
   ▼<span style="word-spacing: -0.1575px; letter-spacing: 0.1575px; display: inline-block; margin-left: 0px; width: 67.86
    34px; font-size: 10.5px; font-family: ff2; -webkit-text-stroke: 0.18px rgba(0, 0, 0, 0);">
      <span style="display: inline-block;"> </span>
    </span>
  </span>
 ▼<span style="word-spacing: 0px; letter-spacing: 0px; display: inline-block; margin-left: 0px; font-size: 12px; font-fam
  ily: ff4; color: rgb(35, 31, 32); -webkit-text-stroke: 0.18px rgba(0, 0, 0, 0);">
    <span style="display: inline-block;">237</span>
    <span style="word-spacing: 0px; letter-spacing: 0px; display: inline-block; margin-left: -1.0275px; width: 0px; font-
    size: 12px; font-family: ff4; -webkit-text-stroke: 0.18px rgba(0, 0, 0, 0);"></span>
    <span style="display: inline-block;">,815</span>
   ▼<span style="word-spacing: 0px; letter-spacing: 0px; display: inline-block; margin-left: 0px; width: 38.7011px; font-
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      <span style="display: inline-block;"> </span>
    </span>
    <span style="display: inline-block;">214,653</span>
  </span>
</span>
```

SBR 2.0

Koninklijke Nederlandse
Beroepsorganisatie
van Accountants

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Polling question (2)

Do you also have other legal entities in your group that require filling at the Chamber of Commerce?

A. Yes, only micro and small entities

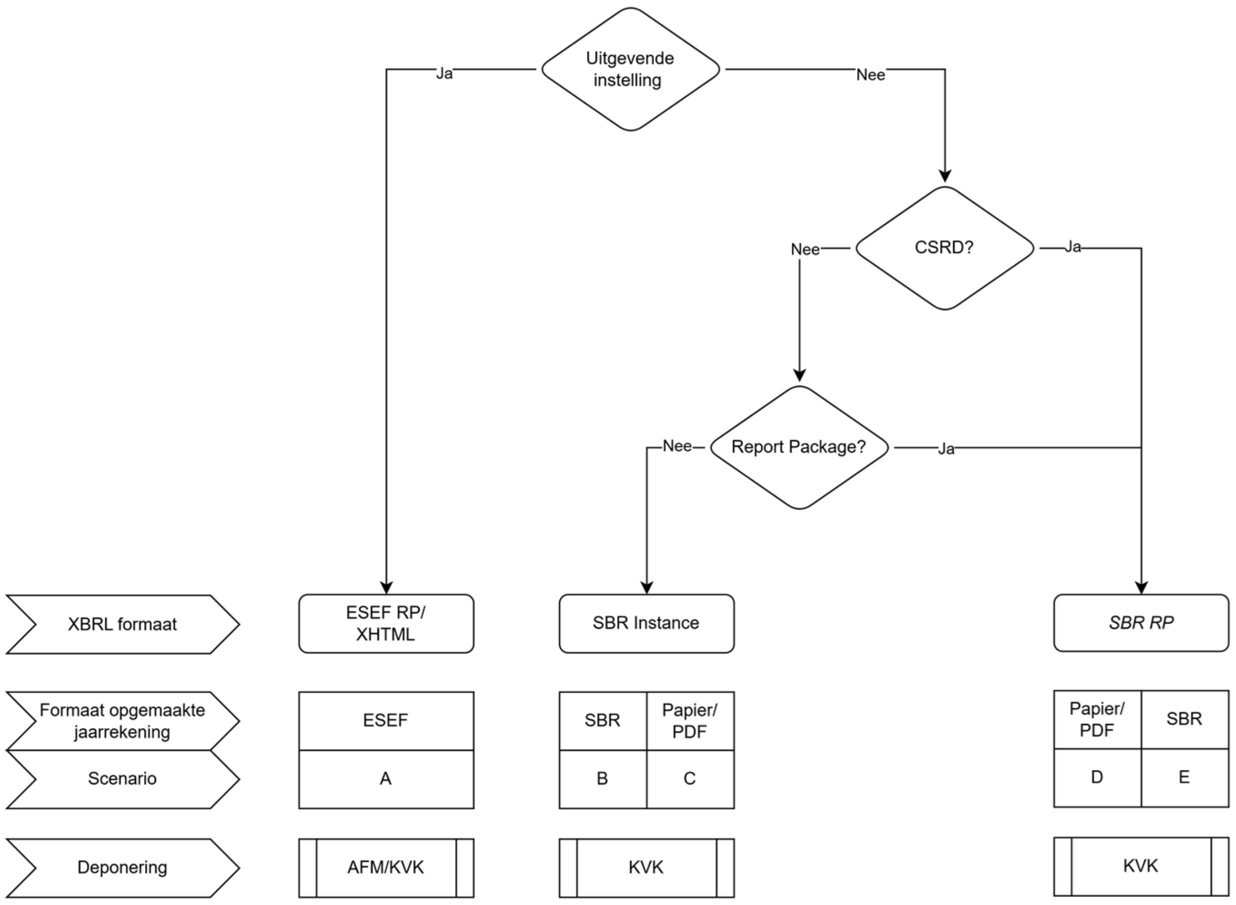
B. Yes, we have up to medium sized entities

C. Yes, we have up to large sized entities

D. No, we do not.

E. Not applicable

Options for Digital Reporting under SBR 2.0



In de bovenstaande beslisboom is geen rekening gehouden met:

1. 403- en 408 vrijstellingen
2. Third country issuers (Other GAAP)
3. WFT 5.25g (uitsluitend obligaties ed.)

A. ESEF as drafted f.s.
B. SBR Instance also as drafted f.s.
C. SBR Instance after drafted on paper or PDF. Recommend dry run before YE.
D. SBR Report Package after drafted on paper or PDF. Recommend dry run before YE.
E. SBR Report Pacakge also as the drafted f.s. Asks preparation, dry run and testing before year-end.

For Scenario D and E either:

- voluntary 3950N Assurance engagement on NL-RTS compliance; or
- an ‘Other Matter paragraph in the auditor’s opinion that NL-RTS compliance is not audited.

Koninklijke Nederlandse Beroepsorganisatie van Accountants

NBA

NBA Alert 50

Two scenario's for a reporting package:

1. Voluntary assurance engagement on compliance NL- RTS (COS 3950N) performed before opinion is signed;
2. No voluntary assurance engagement then:
   - work before permission is given with an (new) authorization letter:
     - PDF = XHTML
     - In Validation tool:
       - No blocking errors for filling
       - There is no 'material inconsistency' between the human and the machine readable
     - Obtain a (additional) letter of representation on the SBR Report Package
   - And adding an 'other matter' paragraph to our auditor's opinion (even if initially PDF / paper)

> ***Compliance with the Regulatory Technical Standard of SBR requirements, including XBRL mark-ups, unaudited.***
>
> *We did not examine the compliance with the requirements of the Regulatory Technical Standard of the SBR domain Trade Register (including the applied eXtensible Business Reporting Language (XBRL) mark-ups) and, accordingly, do not express an opinion thereon.*

Client needs the auditor's authorization (including a Hash on the SBR Report Package) before they can include the auditor's opinion in the SBR Report Package for filling.

Lessons learned

Lessons learned - Tips & Tricks

Tips and Tricks based on the ESEF filings last years:

1 Start timely and use a Dummy ESEF file

As multiple versions are typically needed it is key to start timely, have a kick-off call with the audit team early on and supply a dummy version before YE 2025.

2 Calculation errors & signs

All errors in calculations are shown as warnings, as such also rounding errors in primary statements, but also incorrectly linked numbers. Consider the default balance type to avoid incorrect ESEF reporting.

3 Primary statements – extra info

All amounts presented in the reporting currency on primary statements are to be tagged, as such also additional information disclosed and earnings-per-share amounts.

4 Block tagging - multi-layered

While block tagging, the block tag with a higher granularity should also be applied as well (e.g. goodwill -> intangible assets & goodwill).

5 Block tagging – note references

When applying block tagging, a reference to another note might indicate that there is information there that also should be tagged with the same block tag.

6 Readability

The tagged information must retain the same order (for each tag) and ‘informational value’ as the XHTML text that is tagged. Using a native XHTML table prevents a lot of these issues.

Recap

Key takeaway

- Start discussion between the issuers and the auditors on a timely basis to ‘dry run’, use the lessons learned to prepare for this year.
- Agree on a timing of the work on the ESEF annual report including the CSRD information. Take into account that the XHTML needs to be final before the auditor’s opinion can be signed.
- Use the XHTML as basis in the process (and not another format such as PDF).
- For the other companies in your group determine the format you want to use and connect with your auditor.

Enrico Evink
Partner EY Accountants B.V.
Board Member XBRL Netherlands,
Member NBA work group digital assurance

Q&A

Koninklijke Nederlandse
Beroepsorganisatie
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Appendix 1: Block tagging Disclosure notes - Reminder Suggested approach

1) Disclosure relates to a material accounting policy => ‘Disclosure of material accounting policy information [text block]’ & ‘Disclosure of significant accounting policies.’
   a) Specific accounting policy <u>not tagged</u> with corresponding disclosure tag if not disclosed together in the financial statements.

2) In principle each paragraph with its own (sub)heading would be considered as a block.
   a) The disclosure heading and its content => appropriate element.
   b) Other elements that have a wider or narrower scope (different granularity) => if relevant considering the context of the disclosure.

3) Paragraphs within a note that represents a specific topic (possible sub-heading)
   a) also tag paragraphs individually with the heading of that note