THE OUTLIER BRIEF

Business Intelligence · Finance · Strategy · Governance · AI Advisory

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THIS WEEK

IFRS 18 Is Coming — and It Redraws Your Income Statement

KEY TAKEAWAY

From January 2027, the way companies reporting under IFRS present their results changes for the first time in a generation. IFRS 18 replaces the long-standing IAS 1 and rebuilds the income statement around three defined categories — operating, investing and financing — with two new compulsory subtotals: operating profit, and profit before financing and income tax. It also disciplines the 'adjusted' profit figures companies like to headline. It is not a distant technicality: the comparatives are restated, so the way you present 2027 reaches back into the year you are closing now. The preparation window is open today.

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01 CEO IN 60 SECONDS

THE WEEK IN FOUR LINES

What happened. October inflation eased again to 14.06%, a fifth straight monthly fall, and food inflation cooled too — but the naira slid to a 10-month low of about ₦1,363 official and ₦1,460 on the street, as the MPC prepares to meet this week.

Why it matters. Beyond this week's figures, a once-in-a-generation change is coming to financial reporting: IFRS 18 takes effect from January 2027, reshaping the face of the income statement for every business that reports under full IFRS.

What to do today. If you report under IFRS, start mapping your income and expenses to the new operating, investing and financing categories — and list every 'adjusted' or 'underlying' profit measure you publish, because each will now need formal disclosure.

Biggest mistake. Treating January 2027 as the deadline. Because the comparatives are restated, the change effectively reaches back into 2026 — so leaving it late means reworking a year you have already reported.

02 EDITOR'S NOTE

Welcome to this week's Outlier Brief. The data cut two ways this fortnight. The good news: October inflation eased again to 14.06%, a fifth consecutive monthly decline, with food inflation also cooling. The pressure: the naira slid to a 10-month low — about ₦1,363 at the official window and ₦1,460 on the parallel market — widening the gap to roughly ₦97, while the MPC meets this week to weigh its next move. Crude steadied in the low $90s and depot fuel prices began to ease.

This week we look past the monthly data to a structural change every finance leader should have on the radar: IFRS 18. Issued to replace the long-standing IAS 1, it takes effect for reporting periods beginning on or after 1 January 2027 and overhauls the face of the income statement — defined categories, two new required subtotals, and, for the first time, formal rules for the 'adjusted' performance measures companies quote to investors. It is the biggest change to how results are presented in decades, and the preparation window is now.

Rafiu Olawuyi, FCA — *Lead Consultant, Outliers Professionals*

03 EXECUTIVE SUMMARY — WHAT YOU NEED TO KNOW THIS WEEK

- **Inflation eased again.** October inflation fell to 14.06%, a fifth straight monthly decline, with food inflation cooling to 19.13% — a steady easing in price pressure.
- **But the naira hit a 10-month low.** It weakened to about ₦1,363 official and ₦1,460 parallel — a gap of roughly ₦97 — as the MPC prepares to meet this week.
- **IFRS 18 redraws the income statement.** From January 2027 it replaces IAS 1, grouping income and expenses into operating, investing and financing categories, with two new required subtotals on the face of the statement.
- **And it starts now, not in 2027.** Comparatives must be restated, so 2026 figures have to be presented the new way — and every 'adjusted' profit measure will need formal disclosure and a reconciliation to the accounts.

04 BUSINESS INTELLIGENCE DASHBOARD

Key indicators for Nigerian businesses, current at preparation (week of 17–21 November 2026).

INFLATION	POLICY RATE (MPR)	NAIRA / US$ (OFFICIAL)
14.06%	**23%**	**₦1,363**
▼ Oct · 5th monthly fall	▬ held · MPC meets this week	▼ 10-month low
NAIRA / US$ (PARALLEL)	PETROL (PMS)	BRENT CRUDE

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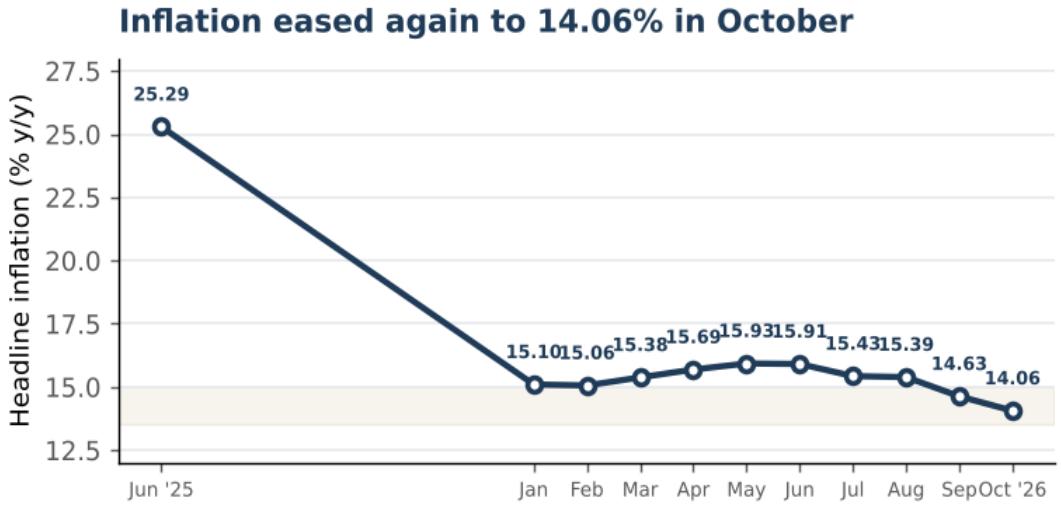
₦1,460 ▼ gap ~₦97	**₦1,380** ▬ depot easing · pump lags	**$93** ▬ steady · low $90s
EXTERNAL RESERVES **$55.1bn** ▲ holding · 18-yr high	TRADE BALANCE **₦12.6tn** ▲ surplus · Q2 2026	FDI **$135m** ▬ Q1 2026 · 1.3% of inflows



Actual NBS readings. October inflation eased to 14.06% (from 14.63%), a fifth straight fall, with food inflation also cooling. The naira slid to a 10-month low near ₦1,363 official and ₦1,460 parallel; the MPC meets this week.

05 THE NUMBERS BEHIND THE NEWS

WHAT IFRS 18 ACTUALLY CHANGES

IFRS 18 is the first wholesale change to how financial statements are presented since IAS 1, and it concentrates on the income statement. Income and expenses must now be sorted into defined categories — operating, investing and financing (alongside income taxes and discontinued operations) — and two subtotals become compulsory on the face of the statement: operating profit, and profit before financing and income tax. The aim is comparability: today two similar companies can present profit in very different shapes, and IFRS 18 narrows that gap.

Two further changes matter just as much. The ‘adjusted’ or ‘underlying’ profit figures management quotes in presentations — the management-defined performance measures — must now be disclosed in a single note, reconciled to the nearest IFRS subtotal and explained. And enhanced rules on grouping require more useful aggregation, so important detail is no longer buried in one catch-all line. Together, they make the published numbers harder to flatter and easier to compare.

06 OUTLIERS INDEX™

The Outliers SME Confidence Index™ is our proprietary weekly read of operating conditions for Nigerian small and mid-sized businesses, scored from 0 to 100 across five dimensions. It is an expert index maintained by the Outliers editorial office.

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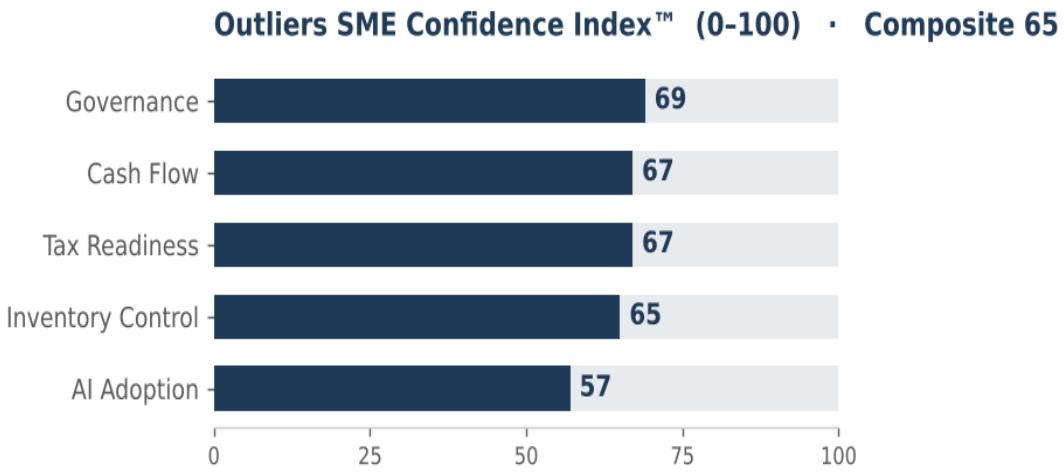

How to read the index: The Composite Index is the average of the five dimensions shown above. The underlying average is 65.0.

Governance led at 69 and the overall Composite Index edged to 65 — another new high — as easing inflation offset a weaker naira. Tax Readiness and Cash Flow rose to 67, with Inventory Control at 65, while AI Adoption (57) remained the lowest.

> WHAT CHANGED THIS WEEK
> Confidence edged to 65, a fresh high, as a fifth straight fall in inflation outweighed the naira's slide to a 10-month low. Governance rose to 69 and Cash Flow to 67; Inventory Control firmed to 65, while AI Adoption inched to 57 — still the lowest dimension.

07 FEATURE: IFRS 18 — THE INCOME STATEMENT, REDRAWN

For the first time in a generation, the shape of the income statement is changing. IFRS 18, the new presentation standard that replaces IAS 1, takes effect for accounting periods beginning on or after 1 January 2027. It does not change how much profit a business makes, but it changes profoundly how that profit is presented — and in reporting, presentation shapes how investors, lenders and boards read performance. For any Nigerian business that reports under full IFRS, or expects to as it grows or raises capital, it is the most significant reporting change in years.

At its heart are three moves. First, income and expenses are sorted into defined categories — operating, investing and financing — and two subtotals become mandatory on the face of the statement: operating profit, and profit before financing and income tax. Second, the 'adjusted' profit measures companies like to headline must now be disclosed formally, in one note, reconciled to an IFRS figure and explained — no more quoting a flattering 'underlying' number with no bridge back to the audited result. Third, stronger rules on grouping require genuinely useful aggregation, so material items are shown, not buried.

What it means in practice

- **A common operating profit.** Every IFRS reporter will show operating profit on the same defined basis, making like-for-like comparison between companies far easier than it is today.
- **Adjusted figures, disciplined.** The 'underlying' or 'adjusted' numbers management favours must be reconciled to the statements and explained — transparency where there was often licence.
- **The comparatives reach back.** Because 2027 statements show 2026 as the comparative, the prior year must be restated on the new basis — so the change touches the books you are closing now.

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- **A systems job, too.** Mapping the ledger to the new categories is as much a systems task as an accounting one; the earlier the chart of accounts is aligned, the smoother the transition.

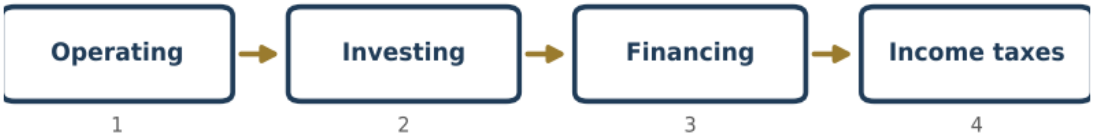
None of this is optional for IFRS reporters, and none of it is quick. The standard is substantial, the restatement is backward-looking, and the systems work takes time — which is precisely why the firms that start now will transition calmly, and those that wait will not.

> **WHAT THIS MEANS FOR YOUR BUSINESS**
> If your business reports under full IFRS, IFRS 18 should already be on the finance team's agenda: map your income and expenses to the new categories, identify every performance measure you publish outside the accounts, and check whether your systems can produce the new subtotals and restate the comparatives. If you report under IFRS for SMEs, the standard does not apply directly — but the direction of travel, towards cleaner, more comparable, less 'adjusted' reporting, is one worth getting ahead of. Either way, the preparation window is open now; by 2027 it will be closing.

08 IFRS 18 — THE NEW INCOME STATEMENT

IFRS 18 sorts income and expenses into defined categories — operating, investing and financing (alongside income taxes and discontinued operations) — and requires two subtotals on the face of the statement: operating profit, and profit before financing and income tax.

IFRS 18 — income in defined categories, two new subtotals



Same profit, a clearer and more comparable structure — with adjusted measures disclosed, not buried.

09 OUTLIERS INTELLIGENCE™

> **ONE INSIGHT · ONE DECISION**
> Most businesses will meet IFRS 18 at the last minute, treating it as a compliance task for the 2027 accounts. The disciplined treat it as a 2026 project — mapping categories, cleaning the chart of accounts, and settling how their adjusted measures will be disclosed while there is still time to do it well. The difference is not whether you comply, but whether you comply calmly, with numbers you trust, or in a scramble that risks restating a year twice.
>
> The decision this week: if you report under IFRS, put IFRS 18 on the agenda of your next finance review — name an owner, assess the systems gap, and set a transition timeline that treats 2026, not 2027, as the year the work gets done.

10 BUSINESS NUMBERS THAT MATTER

Indicator	Latest	Why it matters
Inflation	**14.06%**	Eased to 14.06% from 14.63% (Sept) — a fifth straight monthly fall
Policy rate (MPR)	**23%**	Held at 23% — the MPC meets this week to weigh a further cut
Naira / US$ (official)	**~₦1,363**	Weakened to a 10-month low — lifts import costs

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Indicator	Latest	Why it matters
Naira / US$ (parallel)	**~₦1,460**	Gap to official widened to ~₦97 — pressure on the street
Petrol (PMS), pump	**~₦1,325–1,420**	Depot prices easing (Lagos ₦1,210); pump still catching up
Brent crude, per barrel	**~$93**	Steadied in the low $90s after October's slide
External reserves	**~$55.1bn**	Holding near an 18-year high — a buffer against FX pressure
Trade balance (Q2 2026)	**₦12.6tn**	Surplus nearly doubled on surging exports
FDI (Q1 2026)	**$135.1m**	Direct investment — a small share of capital inflows

11 WHAT WE'RE SEEING

Across the Nigerian market, as IFRS 18 approaches, early patterns are visible among businesses that report under IFRS — shared at market level, without reference to any individual client:

- IFRS 18 still treated as a 2027 problem, when the 2026 comparatives are already in scope.
- Charts of accounts not yet mapped to the new operating, investing and financing categories.
- 'Adjusted' or 'underlying' profit figures published with no reconciliation ready for disclosure.
- Reporting systems untested against the two new required subtotals.
- Boards and investors not yet briefed on how the headline numbers will look different.

12 FINANCE SCHOOL

LESSON 16 OF AN ONGOING SERIES

IFRS 18 gives the income statement a defined structure.

Under IFRS 18, income and expenses are classified into five categories — operating, investing, financing, income taxes and discontinued operations — and two subtotals become mandatory: operating profit, and profit before financing and income tax. It replaces IAS 1 for periods beginning on or after 1 January 2027, with comparatives restated. The profit does not change; its presentation becomes defined and comparable.

The point is comparability and discipline: a common structure across companies, and formal disclosure of the 'adjusted' measures management quotes. Next lesson: management-defined performance measures — when an 'adjusted' profit genuinely informs, and when it merely flatters.

13 AI & TECHNOLOGY SPOTLIGHT

AI IN FINANCE — PART 16 OF AN ONGOING SERIES

AI for financial reporting and standards transition

AI's sixteenth role is easing the move to new standards. Pointed at your ledger, modern tools can help map each account to the new IFRS 18 categories, flag income and expenses whose classification is ambiguous, draft the reconciliations for management-defined performance measures, and model how the restated comparatives will look — compressing months of manual mapping into a reviewable first pass.

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The guardrails hold: classification under a new standard is a matter of judgement, and the accountable preparer is still you. Use AI to do the heavy mapping and drafting at speed; keep the technical decisions, and the sign-off, firmly in professional hands.

TOOL OF THE WEEK

Reporting & Disclosure Tools

Examples. Financial-reporting and consolidation modules in modern ERP and accounting systems, and disclosure-management tools that map the chart of accounts to reporting categories.

What it does. Reclassifies the ledger into the IFRS 18 categories, produces the two new subtotals, and supports the comparative restatement and the MPM disclosures.

Who should use it. Any business reporting under full IFRS — especially those still running reporting on spreadsheets rather than a system built for it.

Common mistake. Leaving the systems work to the end. A reporting tool only helps once the underlying chart of accounts has been mapped first.

Business benefit. A transition done once and cleanly, the new subtotals produced automatically, and a clear audit trail from adjusted measures back to the statements.

14 PRACTICAL TOOLKIT — IFRS 18 READINESS CHECKLIST

Work through these this week. Each item closed sharpens how you steer.

☐ Confirm whether you report under full IFRS (IFRS 18 applies) or IFRS for SMEs (it does not, yet).

☐ Map your income and expenses to the operating, investing and financing categories.

☐ List every ‘adjusted’ or ‘underlying’ profit measure you publish outside the accounts.

☐ Check your systems can produce operating profit and profit before financing and income tax.

☐ Plan the 2026 comparative restatement — not just the 2027 statements.

☐ Brief your board, lenders and investors on how the headline numbers will change.

☐ Name an owner and set a timeline that treats 2026 as the transition year.

15 COMPLIANCE WATCH

- **This month.** November VAT is due by 21 December and November PAYE by 10 December — but clear any outstanding October filings now.
- **Watch.** The MPC meets this week; with inflation easing to 14.06%, a further rate cut is in play — watch for the decision and what it means for borrowing.
- **Year-end.** Looking ahead: IFRS 18 takes effect for periods beginning on or after 1 January 2027, with comparatives restated — for IFRS reporters, transition planning belongs in the 2026 year-end timetable, not next year’s.

16 CASE STUDY

ILLUSTRATIVE · ANONYMISED

Two mid-sized groups, both IFRS reporters, took opposite approaches to IFRS 18. The first began in early 2026: it mapped its chart of accounts to the new categories, tested its system’s ability to produce the required subtotals, and drafted the reconciliation for its ‘adjusted EBITDA’ measure well ahead of time.

The second waited, treating 2027 as the deadline. When it finally began, it found its reporting system could not generate the new subtotals without rework, and that restating the 2026 comparatives meant reopening a year already reported to its board. The first

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group transitioned in a single clean cycle; the second spent the first quarter of 2027 firefighting. Same standard, same sector — the only difference was when they started.

17 OUTLIERS RECOMMENDATION

THIS WEEK'S RECOMMENDATION

If your business reports under full IFRS, make IFRS 18 a 2026 project, not a 2027 one. Map your income and expenses to the new categories, prepare the reconciliations for any adjusted measures you publish, and confirm your systems can produce the new subtotals and restate the comparatives. The standard is unavoidable; a calm, early transition is a choice — and a far cheaper one than a scramble.

18 CEO & BOARDROOM QUESTIONS

TWO QUESTIONS WORTH SITTING WITH

CEO question. If we report under IFRS, who owns our IFRS 18 transition — and is it a 2026 project or still sitting in next year's plans?

Boardroom question. How will our headline and 'adjusted' profit figures look under the new presentation, and who have we briefed before investors see the change?

19 THE OUTLIERS PERSPECTIVE

A reporting standard rarely makes headlines, but IFRS 18 earns the attention. It does not change the profit a business makes; it changes how that profit is shown — and in the language of financial statements, structure is meaning. A common operating profit, disciplined adjusted measures, and clearer groupings all push in one direction: results that are harder to dress up and easier to compare.

The disciplined treat the transition the way they treat any deadline that reaches backwards — by starting early, where the work is calm and the choices are theirs. They map the categories, test the systems and settle the disclosures in 2026, so that 2027 is simply the year the new format appears, not the year it is scrambled together. IFRS 18 rewards preparation, and penalises delay, more than most changes a finance team will face this decade.

20 CLOSING INSIGHT

IFRS 18 is not a distant technicality for the accounts team to worry about later; it is a structural change to the face of the income statement that reaches back into the year you are closing now. The businesses that map their categories, test their systems and discipline their adjusted measures in 2026 will present their 2027 results calmly and credibly. The ones that wait will restate a year under pressure. The work this week is simply to start.

YOUR MOVE THIS WEEK

Put IFRS 18 on your 2026 agenda — or book a 45-minute readiness review to map your categories, test your systems and plan the transition. outlierspro.com · Lagos | Abuja.

Each week rotates the action: download a checklist · complete an assessment · register for a webinar · read the full guide · book a consultation.

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