# Consumer markets accounting and reporting insights

**A quarterly summary for the consumer markets sector**

July 2026

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# Introduction

We are pleased to share our quarterly Consumer markets accounting and reporting insights publication. This report provides some of the latest industry, accounting, and regulatory updates of interest to the Consumer markets sector.

## Strategy for business

### The trust advantage in agentic commerce

As AI agents take on more of the consumer shopping journey, from helping customers discover products, evaluate options, manage preferences, and even complete transactions, trust is becoming a critical differentiator for retailers and consumer brands. Consumers want confidence that their data is protected, transactions are secure, and AI agents acting on their behalf are operating in their best interest.

While consumers are increasingly using AI to search for products and services, many aren't yet comfortable allowing AI agents to complete purchases independently. Companies that provide clear notice, meaningful consent options, transparency into data use, and controls for managing agent permissions may be better positioned to increase adoption, build loyalty, and reduce the cost and complexity of retrofitting controls later.

Learn more **here** about actions your company can take in promoting trust in agentic commerce. As agentic commerce accelerates, brands that make safety and transparency visible to consumers may be able to turn trust into a source of growth.

## SXSW insights

As AI, algorithms, ambient computing, neuroscience, and augmentation accelerate, the companies best positioned for the future will be those that preserve and elevate what is most human—judgment, creativity, trust, community, and meaning. PwC's **report** and takeaways on this year's SXSW conference suggest a shift from optimism about technology's potential shown last year to a more balanced discussion about the choices, consequences, and responsibilities that come with rapid innovation.

The report outlines six insights for business and technology leaders, including the need to strengthen governance and accountability, build trust and community as traditional marketing paths change, and design AI-enabled workflows that keep people active in higher-order decision-making. It also emphasizes that employee resistance to AI may be rooted in trust, and that leaders should clarify expectations, reward experimentation, and redesign roles so people act as reviewers and orchestrators of AI.

The report also discusses the importance of real-world connection, interpersonal skills, recognition, and 'mattering' as people increasingly use AI for advice, companionship, and productivity. Finally, it highlights the rise of the augmented human and the need for leaders to define boundaries around privacy, inclusion, data use, and acceptable optimization.

## C-suite outlook and industry insights

PwC's March survey of 129 US executives indicates that consumer markets companies are operating in a more stable but still complex environment, where policy shifts, tariff uncertainty, and changing consumer demand continue to shape growth strategies. Executives in the sector are focused on strengthening resilience across sourcing, pricing, and supply chains while selectively investing in AI and technology to improve efficiency and customer engagement. As cost pressures persist, consumer markets leaders are balancing near-term margin protection with longer-term opportunities to differentiate through innovation, digital capabilities, and more responsive operating models. We see trade strategy and market expansion becoming increasingly important as companies reassess where and how they source, sell, and compete. Overall, the sector's path forward will depend on the ability of leaders to turn volatility into advantage by combining disciplined risk management with targeted investment in growth. Learn **more**.

## Consumer packaged goods—After the sugar rush, a new path to CPG growth

PwC sees the post-inflation growth 'sugar rush' for CPG companies ending, making sustainable, margin-conscious growth the central challenge in fragmented and volatile global markets. Our analysis cautions that many revenue growth management (RGM) teams still apply developed-market playbooks to markets with different data, which can turn sophisticated pricing tools into guesswork and create wasted spend. Some CPG leaders recommend shifting from geography-led approaches to market archetypes—segmenting countries based on operational characteristics like trade classification, route-to-market complexity, data availability, financial controls, regulatory environments, and local RGM talent. The analysis identifies three distinct RGM tracks: Developed markets that require AI-enabled and nuanced pricing, semi-developed markets that need shopper/channel segmentation and price-pack architecture, and developing markets that must prioritize visibility, sales guidance, and regional centers of excellence. Ultimately, RGM teams must rethink their RGM models now—market by market, not from headquarters down—to be positioned to grow more profitably and predictably in the years ahead. Read the full article **here**.

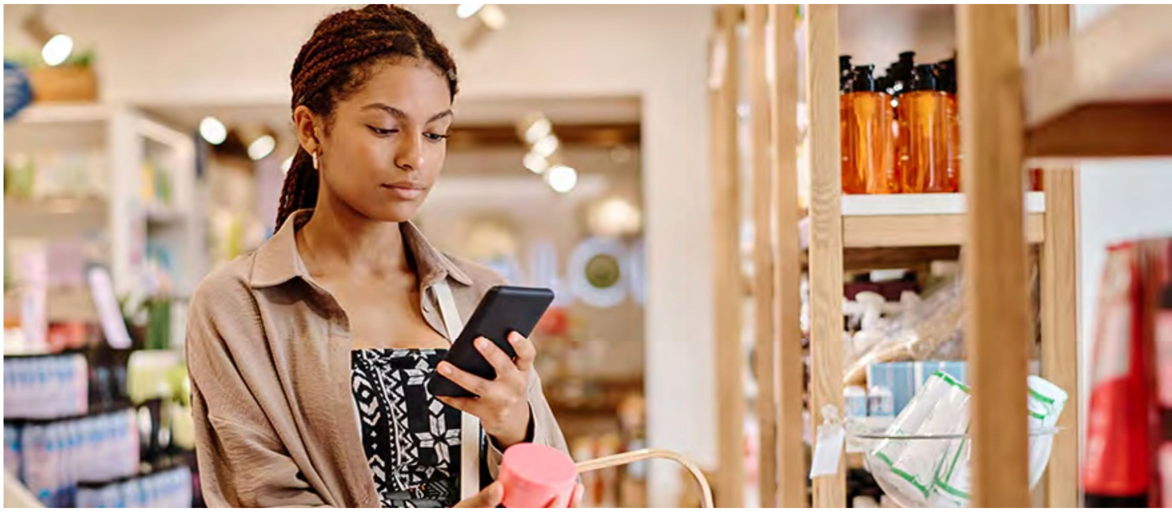
## Consumer packaged goods and retail—US deals 2026 midyear outlook

PwC's midyear deals outlook discusses how dealmaking in CPG and retail is evolving as consumer preferences change. CPG deal value more than doubled year-over-year in Q1 2026, even as deal volume continued to fall, with a small number of transformational deals reshaping portfolios.

The article highlights several factors affecting consumer behavior and deal activity, including persistent affordability pressure, the rising use of GLP-1s, scrutiny of processed ingredients, demand for wellness and health-oriented brands, and the value of first-party consumer data. It also discusses continued retail take-private activity, with private equity viewing the sector as broadly mispriced, not broadly impaired.

Looking ahead, the article notes that CPG and retail companies are reassessing portfolios in light of changing consumer expectations, margin pressures, supply chain dynamics, and the need to focus on areas where they have a competitive advantage.

Read the full outlook:
**US deals 2026 midyear outlook**
**Consumer packaged goods and retail: US deals 2026 midyear outlook**



# Accounting and financial reporting hot topics

## Closing statements—insights for controllers at quarter end

*Closing Statements* is our quarterly publication that shares quarter-specific insights, trends, analysis, and observations. This edition highlights timely financial reporting reminders for controllers, tax leaders, and finance teams, including the impact tariffs, an update on DISE, and emerging topics from the SEC.

## Tariff update—refunds, Section 122 challenges, and Q1 lessons learned

The tariff landscape continues to evolve, with companies now shifting from evaluating the accounting implications of potential IEEPA tariff refunds to executing on the refund process. With the CBP refund portal open, companies are identifying eligible entries, coordinating with brokers, preparing CAPE submissions, and addressing validation or denial issues. At the same time, ongoing appeals and challenges related to Section 122 tariffs may affect your company's Q2 accounting conclusions.

The key message is that tariff refunds are a cross-functional effort. Trade compliance may lead the filing process, but finance, accounting, tax, legal, treasury, transfer pricing, and supply chain teams all need to stay aligned. Companies should apply their Q1 accounting model consistently, monitor legal and procedural developments, and continue evaluating whether disclosure is needed, regardless of whether a refund receivable has been recorded.

## DISE adoption is getting closer

While 2027 may still feel far away, implementation of the new disaggregated income statement expense disclosures (DISE) continues to require planning and attention. In May, the FASB held a roundtable to give stakeholders an opportunity to share feedback on DISE implementation. Some preparers attending the roundtable highlighted significant efforts to date in implementing the new requirements. They cited challenges with data availability, complex cost allocation structures, multiple ERP systems, and the use of estimates. On the other hand, investor representatives emphasized the usefulness of the new disaggregated expense information, including the potential to better understand a company's cost structure and assess earnings quality.

It's unclear whether the FASB will take any actions based on feedback from the roundtable. For now, companies should continue moving ahead with implementation plans and focus on identifying data gaps, estimation approaches, and related controls.

Additional resources

- **Disaggregation of income statement expenses (after adoption of ASU 2024–03)** (Financial statement presentation guide 3.11)
- Podcast—**Disaggregated expense disclosures: Don't roll the DISE**

Read the full report: **PwC Closing Statements: Q2 2026 insights for controllers at quarter end**

## Product financing arrangements

Companies continue to evaluate inventory-related structures involving third parties that purchase, hold, or take legal title to inventory intended for the reporting entity's future use, sale, or incorporation into a finished product. While the structures vary, they often raise a common accounting question—whether the arrangement is, in substance, a product financing arrangement under **ASC 470-40** rather than a sale, purchase commitment, logistics arrangement, or other executory contract.

The analysis should focus on the economic substance of the arrangement and the allocation of risks and rewards, rather than legal form alone. A key question is whether the third party has substantive control of the inventory and bears meaningful economic risk during the holding period, or whether the reporting entity continues to control the product's use, bears downside risk, and is effectively committed to reacquire the product or processed goods. Other factors may also be relevant, and a full analysis should be performed based on the structure of the arrangement and the detailed terms of the contract.

When these arrangements are financing in substance, the accounting outcome may differ from the legal form of the transaction. A reporting entity may, for example, need to recognize inventory and a related financing obligation, or continue to recognize inventory that has been transferred to a third party if it retains the substantive economics of ownership. Because these arrangements are highly fact-specific, companies should consult with their accounting advisors when evaluating the appropriate accounting treatment.

Learn more: **PwC Inventory Guide Section 1.6** and **PwC Revenue Guide Section 8.7**

# New accounting standards

The FASB recently issued new guidance that may be relevant to companies as they evaluate coming accounting and reporting requirements.

## FASB issues new guidance on PIK dividends

On April 23, 2026, the FASB issued ASU 2026-01, *Equity (Topic 505), Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock*. The new guidance requires paid-in-kind dividends within its scope to be initially measured based on the PIK dividend rate stated in the preferred stock agreement. That measurement is used both to record the dividend in the financial statements and to calculate earnings per share.

The guidance applies to preferred stock classified in equity, including preferred stock classified as mezzanine equity under SEC guidance. It does not change when PIK dividends are recorded or when they affect EPS. The ASU is effective for all entities for annual reporting periods beginning after December 15, 2026, including interim periods within those annual periods. Early adoption is permitted.

Read our **In depth: FASB issues new guidance on PIK dividends**

## FASB issues new guidance on environmental credits

On May 19, 2026, the FASB issued ASU 2026-02, *Environmental Credits and Environmental Credit Obligations (Topic 818)*. The new guidance establishes ASC 818 and provides accounting guidance for the recognition, measurement, presentation, and disclosure of environmental credits and environmental credit obligations.

Under the new standard, environmental credit assets are recognized and measured based on their intended use and how the credits are obtained. Environmental credit obligation accounting depends on whether the obligation is funded by compliance environmental credits held by the entity or is unfunded.

The guidance is effective for public business entities for annual reporting periods beginning after December 15, 2027, including interim periods within those annual periods. For all other entities, it is effective one year later. Early adoption is permitted as of the beginning of an annual reporting period.

Read our **In depth: FASB issues new guidance on environmental credits**

# Regulatory update

## SEC comment letter trends

The SEC's Division of Corporation Finance's filing review process is a key function utilized by the SEC staff to monitor the critical accounting and disclosure decisions applied by registrants. Our analysis of SEC comment letters identifies the frequency of topical areas addressed by the SEC staff and how its focus areas change over time. Within the Consumer Markets sector are the top five areas of focus in comment letters.

1. **Non-GAAP measures:** Compliance with Item 10(e) of Regulation S-K and the related compliance and disclosure interpretations.

2. **Segment reporting:** Identification of operating segments and aggregation into reportable segments as well as emphasis on the disclosure requirements of ASC 280.

3. **MD&A:** Requirements in Item 303 of Regulation S-K and the related disclosure objectives.

4. **Revenue:** ASC 606 requirements including disaggregated revenue, performance obligations, transaction price, variable consideration, recognizing revenue, and gross versus net presentation.

5. **Debt, quasi-debt, warrants, and equity:** Transparency and quality of the disclosures around the respective significant judgments and critical accounting estimates.

See the **list** of comment letter trends specific to the consumer markets sector for the 12 months ended March 31, 2026. Additionally, hear PwC's accounting podcast episodes on the following common topical areas in SEC comment letters.

**SEC now: Today's landscape and recent developments**

**SEC now: Non-GAAP 2025 comment letter trends**

**SEC now: 2025 comment letter trends on transactions**

**SEC now: Segments 2025 comment letter trends**

**SEC now: MD&A 2025 comment letter trends**

**SEC now: Revenue 2025 comment letter trends**

## Proposed SEC optional semiannual reporting framework

On May 5, the SEC issued a rule **proposal** that would provide an optional semiannual reporting framework as an alternative to the existing quarterly reporting framework. The optional semiannual reporting framework would be available to any registrant currently required to file a quarterly report on Form 10-Q.

The proposal includes specific requests for feedback on accounting, financial reporting and auditing matters as well as questions about potential cost savings for preparers and any impacts that less frequent financial reporting would have on a company's access to the capital markets. The proposal does not address specific effective dates or transition considerations.

For further discussion on the semi-annual reporting framework, refer to our **In Brief**, as well as this **podcast** joined by SEC Division of Corporation Finance Director Jim Moloney.

## SEC proposes major filer status overhaul

The SEC **proposed rule** changes would simplify the determination of filer status, resulting in only two primary filer categories, large accelerated and non-accelerated. Non-accelerated filers would be entitled to many of the accommodations currently available to smaller reporting companies and emerging growth companies.

### Key takeaways

- There would be two primary filer categories: large accelerated filers (LAFs) and non-accelerated filers (NAFs).
  - LAF requirements would remain similar to today, but the threshold to become a large accelerated filer would be raised to $2 billion public float (compared to $700 million today). Public float calculation would be revised to be calculated using a 10-day average at the end of the second quarter over two years.
  - NAFs would have scaled disclosures, as well as other accommodations aligned with current smaller reporting and emerging growth companies, including only two years of financial statements and scaled executive compensation disclosures.
- While management's responsibility to assess the effectiveness of internal control over financial reporting (ICFR) would remain unchanged, NAFs would no longer be required to obtain an auditor attestation on ICFR.
  - A subset of NAFs with under $35 million in total assets, referred to as small NAF registrants (SNFs), would have additional time to file annual and quarterly reports.
- Companies filing initial registration statements would always enter as NAFs—regardless of size, revenues, or past issuances of debt securities—and would retain that status for a minimum of five years.

For further discussion, refer to our **In Brief**.

## SEC registered offering reform—capital raising impacts

The SEC also **proposed reforms** to modernize the registered securities offering framework and expand access to public capital markets. If adopted, the changes would broaden eligibility to use Form S-3, providing more registrants access to shelf offerings, at-the-market (ATM) programs, and registration and communication benefits currently reserved for well-known seasoned issuers (WKSIs), while also expanding Form S-1 incorporation-by-reference rules. For further discussion, refer to our **In Brief**.

# PwC contacts

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