

**K-FRS**

**Contents**

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100.1.1 Definition of K-FRS..... 2

100.1.2 Evaluation of Performance ..... 2

100.1.3 The Relationship to Statutory Accounting and Disclosure ..... 2

100.1.4 Timing of Adoption ..... 2

100.2.1 Subject Items of K-FRS ..... 3

### 100.1.1 Definition of K-FRS

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1. KAGOME Financial Reporting Standards (K-FRS) are defined as the group accounting policy of Kagome that are in accordance with International Financial Accounting Standards (IFRS) in order to achieve the global financial reporting with fairness and visibility to external and internal related parties under “Corporate Openness” which is one of our visions.
2. Under the Kagome Reporting, all group companies including Kagome Co., Ltd. and its affiliates should apply the K-FRS as guidelines in their accounting and financial reporting.
3. The Kagome Reporting includes Budget, Monthly report, Quarterly Consolidation Financial Report (PKG-A) and Foot Note Information (PKG-B).
4. The Kagome Reporting needs to be reported under the instruction of Kagome Axis. And The Kagome Reporting needs to be reported to department in charge of each company and the Finance & Accounting Service Department of Kagome Axis.
5. The employees of the Finance & Accounting Department of the Headquarters and Kagome Axis are required to have specialized knowledge of financial reporting and settlement, they need to contribute to appropriate financial reporting of each company and Kagome consolidated financial report.

### 100.1.2 Evaluation of Performance

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1. Kagome evaluates the performance of all group companies according to the financial reports based on the K-FRS.
2. The Kagome Reporting of all group companies under the K-FRS is necessary to achieve the effective management and fair evaluation of our business performance by the same yardstick.

### 100.1.3 The Relationship to Statutory Accounting and Disclosure

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1. Because K-FRSs are guidelines for the Kagome Reporting, the way of Statutory Accounting and Disclosure are not specified by them.
2. In the view of economic rationality, K-FRS would be applied preferentially in the case of that the K-FRSs are permitted by statutory accounting and disclosure.

### 100.1.4 Timing of Adoption

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1. Kagome Group starts to disclose under IFRS from FY2019.
2. Consequently, all of the Kagome Reporting should be based on K-FRS from the budget of FY2019.

3. In addition to the current reporting, the Kagome Reporting of FY2018 under the K-FRS is required, because of the necessity of comparative information for the disclosure of FY2019.

### 100.2.1 Subject Items of K-FRS

1. The subject items of K-FRS are as follows.
2. If adoption for K-FRS is difficult in practice, it is required to specify item and report the reason to Finance and Accounting Division of Kagome.
3. The general manager of Finance and Accounting Division of Kagome can approve the exemption of adoption for the K-FRS, taking into consideration the influences both on internal group performance evaluation and external disclosure.

No.	Item	Application Company	
		Kagome	Affiliate
102	Presentation of Financial Statements and Interim Reporting	✓	
103	First-Time Adoption of IFRS	✓	
104	Accounting Policies, Accounting Estimates and Errors	✓	✓
201	Revenue	✓	✓
202	Cost of Sales	✓	✓
203	Operating Expenses and Income	✓	✓
204	Finance Expenses and Income	✓	✓
205	Employee Benefits	✓	✓
206	Tax	✓	✓
207	Earnings per Share	✓	
301	Accounts Receivable-Trade	✓	✓
302	Inventory	✓	✓
303	Property, Plant and Equipment	✓	✓
304	Intangible Assets	✓	✓
305	Other assets	✓	✓
306	Financial instruments	✓	✓
307	Trade payables	✓	✓
308	Provisions and Contingencies	✓	✓
309	Share Capital and Reserves	✓	✓
310	Other Liabilities	✓	✓
401	Cash Flow Statement and Related Disclosures	✓	
501	Consolidated and Separate Financial Statements	✓	
502	Business Combinations	✓	✓
503	Joint Arrangements	✓	✓
504	Investments in Associates and Joint Ventures	✓	✓

601	Foreign Currency Transactions and Translations	✓	✓
602	Leases		
603	Financial Instruments - Derecognition	✓	✓
604	Impairment of Non-Financial Assets and Goodwill	✓	✓
605	Disposal of Subsidiaries, Businesses and Non-Current Assets	✓	✓
606	Government Grant	✓	✓
607	Share-based payment	✓	
608	Events after the Reporting Period	✓	✓
609	Financial Risk Management	✓	
610	Related Party Disclosures	✓	
611	Segment Reporting	✓	