



Stock Code: 2754

# KURA SUSHI ASIA CO., LTD

## 2023 Annual Shareholders Meeting Meeting Handbook

Time: June 27, 2023 10:00am

Venue: Importers & Exporters Association of Taipei  
(First Classroom, 9F, No. 350, Songjiang Road,  
Zhongshan District, Taipei City)

Convening method: Physical Shareholders' Meeting

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## Chapter 1 Meeting Procedure

### KURA SUSHI ASIA CO., LTD. Meeting Procedure for 2023 Annual Shareholders Meeting

1. Call the Meeting to Order
2. Chairperson's Remarks
3. Reports
4. Ratifications
5. Discussions
6. Extraordinary Motions
7. Adjournment

## Chapter 2 Meeting Agenda

### KURA SUSHI ASIA CO., LTD.

#### Meeting Agenda for 2023 Annual Shareholders Meeting

Time: June 27, 2023 10:00am

Venue: Importers & Exporters Association of Taipei

(First Classroom, 9F, No. 350, Songjiang Road, Zhongshan District, Taipei City)

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Reports
  - (1) 2022 Business Report
  - (2) Audit Committee's Audit Report on the 2022 Final Reports and Statements
  - (3) Report on the distribution of employee compensation and director compensation in 2022
- IV. Ratifications
  - (1) Proposal for 2022 Business Report and Financial Statements
  - (2) Proposal for 2022 Earnings Distribution
- V. Discussions  
Proposal of Amendments to the “Rules for Election of Directors”
- VI. Extraordinary Motions
- VII. Adjournment

## **I. Reports**

Proposal 1:

Subject: Please review 2022 Business Report.

Note: Please refer to this Meeting Handbook [Attachment I] (#page 6-8#) for the 2022 Business Report.

Proposal 2:

Subject: Please review the 2022 Audit Committee's Audit Report on Final Reports and Statements.

Note: Please refer to this Meeting Handbook [Attachment II] (#page 9#) for the 2022 Audit Committee's Audit Report.

Proposal 3:

Subject: Please review the report on the distribution of employee compensation and director compensation in 2022.

Note: In accordance with Article 235-1 of the Company Act and Article 27 of the Articles of Incorporation, NT\$6 million for employee compensation and NT\$1.5 million for director compensation have been distributed in full and in cash this year.

## **II. Ratifications**

Proposal 1: (Proposed by: Board of Directors)

Subject: Please ratify 2022 Business Report and Financial Statements.

Note:

1. The parent company individual and consolidated financial statements for this year have been approved by the Board of Directors, and have been audited by certified public accountants Chun-Min Hsueh and I-Lung Chou from Deloitte Touche Tohmatsu Limited with an unqualified audit report. Please refer to this Meeting Handbook [Attachment III] (#page10-19#) and [Attachment IV] (#page 20-29#).
2. The business report and the financial statements in the preceding paragraph have been reviewed by the Audit Committee. Please refer to this Meeting Handbook [Attachment I - Attachment II] (#page 6-9#).
3. These reports are hereby submitted for ratification.

Resolution:

Proposal 2: (Proposed by: Board of Directors)

Subject: Please ratify the proposal for 2022 earnings distribution.

Note:

1. The net profit after tax for 2022 was NT\$241,064,065. In accordance with Article 27 of the Articles of Incorporation and the law, the surplus available for dividends after distributing the statutory surplus reserve of NT\$24,046,326 and the special surplus reserve of NT\$377,805 was NT\$398,786,513.
2. NT\$70,075,500 was allocated as a cash dividend for shareholders this year, and NT\$1.5 per share was allotted. Please refer to this Meeting Handbook [Attachment V] (#page 30#) for the earnings distribution table.
3. If the total number of issued shares changes subsequently, which affects the dividend rate, the chairman is authorized to be based on the actual dividend base date. The number of outstanding shares will be adjusted to the shareholder dividend rate.
4. Cash dividends are up to the nearest NT Dollar, with the difference included in the Company's other income.
5. After the distribution of the cash dividends is passed by the shareholders meeting, authorize the Board of Directors to stipulate the ex-dividends date and other related matters.
6. These reports are hereby submitted for ratification.

Resolution:

### **III. Discussions**

Proposal 1: (Proposed by: Board of Directors)

Subject: Please proceed with the discussion on the proposal of amendments to the "Rules for Election of Directors".

Note:

1. In accordance with the "Sample Template for XXX Co., Ltd. Procedures for Election of Directors" issued by the Financial Supervisory Commission on June 3, 2020, and in line with the current system, it is proposed to amend certain provisions.
2. Please refer to this Meeting Handbook [Attachment VI] (#page 31#) for the comparison table of provisions before and after amendments.
3. The proposal is hereby submitted for discussion.

Resolution:

## **IV. Extraordinary Motions**

## **V. Adjournment**

## Chapter 3 Attachments

[Attachment I]

### **KURA SUSHI ASIA CO., LTD**

#### **Business Report**

Compared with 2022, we entered 2023 with a more mitigated impact of COVID-19 and less stringent pandemic-related restrictions in the food industry. By implementing essential pandemic prevention measures, the stores operated by the Company were able to operate normally without any interruption throughout the year, and the revenue from the existing stores helped boost and stabilize our business. At the same time, with an eye on future development, the Company continues to invest in store development. In such a rapidly changing business environment, the Company adheres to its business philosophy, insisting on providing consumers with delicious, safe, and secure products and pleasant dining experience, and continues to improve customer satisfaction.

A total of 6 new stores were opened in 2022, and the total number of stores grew from 42 at the end of 2021 to 48 in 2022. The results of store development in 2022 are shown in the table below.

Results of Store Development in 2022

Store No.	Store name	Open date
Store 43	Tainan Zhonghua West Road Store	Jan. 2022
Store 44	Taichung Huiwen Road Store	Feb. 2022
Store 45	Pingtung Shengli Road Store	Mar. 2022
Store 46	Taichung Top City Store	Jun. 2022
Store 47	Chiayi Bo'ai Road Store	Jul. 2022
Store 48	Tainan Kaiyuan Road	Aug. 2022
A total of 6 stores		



The Company has achieved stable revenue growth from existing stores and profitability from new store openings, with consolidated revenue of NT\$3,847,885 thousand, a substantial increase of 52% from the previous year. Consolidated operating income was NT\$322,479 thousand, an increase of 886% from the previous year. Consolidated net income after tax was NT\$241,064 thousand, an increase of 979% from the previous year. Despite the impact of the severity of the COVID-19 pandemic during April and May leading to a decline of earnings in the second quarter of 2022, the Company put significant efforts into ensuring the stable operation of the stores and actively engaged in sales promotions. With proper cost management, and benefited from more stable fluctuations in the cost of ingredients, the number of customers rebounded significantly, effectively improving revenue.

[Consolidated Statements of Comprehensive Income]

Unit: NTD `000

Item	2021	%	2022	%	Increase/Decrease for the Previous Year (%)
Sales Revenue	2,527,098	100	3,847,885	100	52
Operating costs	1,535,008	61	2,239,108	58	46
Gross Profit	992,090	39	1,608,777	42	62
Operating Expenses	959,396	38	1,286,298	33	34
Operating Profit	32,694	1	322,479	9	886
Profit before income tax	23,228	1	300,447	8	1,193
Net Profit	22,349	1	241,064	6	979

[2022 Quarterly Consolidated Statements of Comprehensive Income]

Unit: NTD `000

Item	Q1	Q2	Q3	Q4
Sales Revenue	914,846	795,776	1,118,996	1,018,267
Operating costs	531,375	477,999	636,290	593,444
Gross Profit	383,471	317,777	482,706	424,823
Operating Expenses	301,487	294,785	349,189	340,837
Operating Profit	81,984	22,992	133,517	83,986
Profit before income tax	77,887	27,507	127,926	67,127
Net Profit	62,298	21,992	103,069	53,705

Looking forward to 2023, we believe it will be a year of recovery from the COVID-19 pandemic and a year full of new challenges. To support future growth, the Company will devote its resources to challenging projects such as exploring and expanding overseas markets and testing new ideas at its domestic stores. Meanwhile, the Company will adhere to its business philosophy to improve customer satisfaction and maintain the stable operation of the existing stores. While maintaining a sound company financial structure, the Company is devoted to talent cultivation and organizational optimization. Through the strengthening of the operating system, commitment to product development, planning of effective marketing activities, and continuous expansion of stores, the Company expects to further expand its business scale and strives to maximize shareholders' equity.

Chairman and CEO: Kentaro Nishikawa

Accounting Officer: Shang-Chih Lin

[Attachment II]

KURA SUSHI ASIA CO., LTD

Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2022 final accounts including the business report, parent company individual and consolidated financial statements, and the profit distribution proposal. The parent company individual and consolidated financial statements have been audited by certified public accountants Chun-Min Hsueh and I-Lung Chou from Deloitte Touche Tohmatsu Limited with an audit report. The aforementioned business report, financial statements, and profit distribution proposal have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely, Annual Shareholders Meeting

KURA SUSHI ASIA CO., LTD.

Convenor of the Audit Committee: Jason Liu

May 11, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Kura Sushi Asia Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Kura Sushi Asia Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Kura Sushi Asia Co., Ltd. and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Kura Sushi Asia Co., Ltd. and its subsidiaries for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the audit of the consolidated financial statements of Kura Sushi Asia Co., Ltd. and its subsidiaries for the year ended December 31, 2022 are as follows:

### Accuracy of Revenue Recognition

The Company is engaged in the restaurant business. Its revenue, which is generated from individual consumers at each restaurant, is comprised of a large number of transactions, each of which with a small amount. The Company needs to rely on the POS system to collect and summarize daily operating income information. The Company operates 48 restaurants at the end of 2022, 26 of which issue the invoice directly to individual consumers. On a daily basis, the accounting department verifies the cash receipt and credit card data for each restaurant summarized by the POS system and recognizes revenue. Net operating revenue from the above-mentioned type of restaurants for the year ended December 31, 2022 was NT\$ 2,168,122 thousand. Since the number of this type of restaurants is large and its revenue recognition relies on manual controls to verify vouchers and relevant statements, we identified the accuracy of revenue recognition related to this type of restaurants as a key audit matter.

The accounting policies with respect to revenue recognition are discussed in Note 4 (12) to the consolidated financial statements.

The main audit procedures that we performed for the above key audit matter included the following:

1. Obtain an understanding of the controls related to the general IT environment surrounding the ERP system and test the operating effectiveness of the controls.
2. Perform internal control effectiveness testing by selecting samples from the restaurant operating income report generated from the headquarter POS system. For each sample, verify whether the accounting department actually obtained external statements and performed reconciliation procedures. Also examine and ensure that the reconciliation records are summarized in the daily business report and whether the reconciliation discrepancies were investigated in accordance with the established threshold.
3. Perform detail testing of the transactions by verifying whether the amount per the daily business report matches the amount per the manual journal entry to recognize revenue recorded by the accounting department.

### **Other Matters**

We have also audited the parent company only financial statements of Kura Sushi Asia Co., Ltd. as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the ability of Kura Sushi Asia Co., Ltd. and its subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Kura Sushi Asia Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of Kura Sushi Asia Co., Ltd. and its subsidiaries.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if individual or aggregate amount of misstatements could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also performed the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provided the governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China to remain neutral and also communicated with them about all relations and other matters (including related preventive measures) that could affect the independence of certified public accountants.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Ming Hsueh and Yi-Lung Chou.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 9, 2023

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

Kura Sushi Asia Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 376,186	9	\$ 412,600	10
1170	Accounts receivable from unrelated parties (Notes 4 and 7)	101,172	2	100,972	3
1200	Other receivables (Notes 4 and 26)	690	-	17,550	-
130X	Inventories (Notes 4 and 8)	25,965	1	16,082	-
1410	Prepayments (Note 26)	21,842	1	26,406	1
1470	Other current assets (Note 13)	10,201	-	5,484	-
11XX	Total current assets	<u>536,056</u>	<u>13</u>	<u>579,094</u>	<u>14</u>
	<b>Non-current assets</b>				
1600	Property, plant, and equipment (Notes 4, 10, 24, and 27)	1,562,475	36	1,276,462	32
1755	Right-of-use asset (Notes 4, 5, and 11)	2,043,508	47	1,961,806	49
1780	Intangible assets (Notes 4 and 12)	2,289	-	2,839	-
1840	Deferred tax assets (Notes 4 and 20)	13,016	-	6,686	-
1915	Prepayments for construction and equipment (Note 24)	125,737	3	127,745	3
1920	Refundable deposits	53,197	1	45,509	1
1985	Prepayments for leases	-	-	8,705	1
15XX	Total non-current assets	<u>3,800,222</u>	<u>87</u>	<u>3,429,752</u>	<u>86</u>
1XXX	Total assets	<u>\$ 4,336,278</u>	<u>100</u>	<u>\$ 4,008,846</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Notes 4, 14, and 24)	\$ 100,000	2	\$ 200,000	5
2170	Accounts payable	141,522	3	117,099	3
2219	Other receivables (Notes 4, 15, 24, and 27)	250,828	6	239,388	6
2230	Current tax liabilities (Notes 4 and 20)	64,316	1	8	-
2280	Lease liabilities - current (Notes 4, 11, and 24)	242,314	6	212,694	5
2300	Other current liabilities (Note 15)	3,787	-	2,918	-
21XX	Total current liabilities	<u>802,767</u>	<u>18</u>	<u>772,107</u>	<u>19</u>
	<b>Non-current liabilities</b>				
2550	Provisions - non-current (Notes 4 and 16)	98,175	2	74,818	2
2570	Deferred income tax liabilities (Notes 4 and 20)	4,060	-	2,837	-
2580	Lease liabilities - non-current (Notes 4, 11, and 24)	1,822,662	42	1,759,053	44
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	2,541	-	1,628	-
2610	Other payables - non-current (Notes 10, 15, and 24)	110,130	3	125,889	3
2670	Other non-current liabilities	37	-	37	-
25XX	Total non-current liabilities	<u>2,037,605</u>	<u>47</u>	<u>1,964,262</u>	<u>49</u>
2XXX	Total liabilities	<u>2,840,372</u>	<u>65</u>	<u>2,736,369</u>	<u>68</u>
	<b>Equity (Note 18)</b>				
	<b>Share capital</b>				
3110	Common stock	463,070	11	458,560	11
3140	Capital received in advance	154	-	957	-
3100	Total share capital	<u>463,224</u>	<u>11</u>	<u>459,517</u>	<u>11</u>
3200	Capital surplus	<u>582,525</u>	<u>13</u>	<u>582,074</u>	<u>15</u>
	<b>Retained earnings</b>				
3310	Legal reserve	27,324	1	25,012	1
3320	Special reserve	3	-	4	-
3350	Unappropriated earnings	423,211	10	205,873	5
3300	Total retained earnings	<u>450,538</u>	<u>11</u>	<u>230,889</u>	<u>6</u>
3400	Other equity	(381)	-	(3)	-
3XXX	Total equity	<u>1,495,906</u>	<u>35</u>	<u>1,272,477</u>	<u>32</u>
	Total liabilities and equity	<u>\$ 4,336,278</u>	<u>100</u>	<u>\$ 4,008,846</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Kentaro Nishikawa

CEO: Kentaro Nishikawa

Accounting Officer: Shang-Chih Lin



Kura Sushi Asia Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 4)	\$ 3,847,885	100	\$ 2,527,098	100
5000	Operating costs (Notes 4, 8, and 27)	<u>2,239,108</u>	<u>58</u>	<u>1,535,008</u>	<u>61</u>
5900	Gross profit	<u>1,608,777</u>	<u>42</u>	<u>992,090</u>	<u>39</u>
	Operating expenses (Notes 19 and 27)				
6100	Selling expenses	1,083,632	28	792,931	31
6200	General and administrative expenses	202,024	5	165,933	7
6300	Research and development expenses	638	-	532	-
6450	Expected credit impairment losses	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>1,286,298</u>	<u>33</u>	<u>959,396</u>	<u>38</u>
6900	Net operating income	<u>322,479</u>	<u>9</u>	<u>32,694</u>	<u>1</u>
	Non-operating income and expenses (Note 19)				
7100	Interest income	611	-	518	-
7010	Other income	9,087	-	3,357	-
7020	Other gains and losses	4,175	-	14,927	1
7050	Finance costs	( <u>35,905</u> )	( <u>1</u> )	( <u>28,268</u> )	( <u>1</u> )
7000	Total non-operating income and expenses	( <u>22,032</u> )	( <u>1</u> )	( <u>9,466</u> )	<u>-</u>
7900	Net income before tax	300,447	8	23,228	1
7950	Tax expenses (Notes 4 and 20)	<u>59,383</u>	<u>2</u>	<u>879</u>	<u>-</u>
8200	Net income for the year	<u>241,064</u>	<u>6</u>	<u>22,349</u>	<u>1</u>

(Continued on the next page)

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Code		2022		2021	
		Amount	%	Amount	%
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(\$ 751)	-	\$ 967	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>150</u>	<u>-</u>	<u>(193)</u>	<u>-</u>
8310		<u>(601)</u>	<u>-</u>	<u>774</u>	<u>-</u>
8360	Items that may subsequently be reclassified to profit or loss:				
8361	Financial statements translation differences of foreign operations	<u>(378)</u>	<u>-</u>	<u>1</u>	<u>-</u>
8300	Other comprehensive income for the year (net income after tax)	<u>(979)</u>	<u>-</u>	<u>775</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 240,085</u>	<u>6</u>	<u>\$ 23,124</u>	<u>1</u>
	Net income attributable to:				
8610	Owners of the Company	<u>\$ 241,064</u>	<u>6</u>	<u>\$ 22,349</u>	<u>1</u>
	Comprehensive income attributable to:				
8710	Owners of the Company	<u>\$ 240,085</u>	<u>6</u>	<u>\$ 23,124</u>	<u>1</u>
	Earnings per share (Note 21)				
9750	Basic	<u>\$ 5.21</u>		<u>\$ 0.49</u>	
9850	Diluted	<u>\$ 5.14</u>		<u>\$ 0.48</u>	

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Kentaro Nishikawa CEO: Kentaro Nishikawa Accounting Officer: Shang-Chih Lin

Kura Sushi Asia Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Code		Share capital			Retained earnings				Other equity	Total equity	
		Number of Shares (in Thousands)	Common stock	Capital received in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings		Financial statements translation differences of foreign operations
A1	Balance at January 1, 2021	44,980	\$ 449,800	\$ 1,870	\$ 579,387	\$ 21,815	\$ -	\$ 208,844	\$ 230,659	(\$ 4)	\$ 1,261,712
	Appropriation and distribution of earnings for 2020:										
B1	Legal reserve appropriated	-	-	-	-	3,197	-	( 3,197)	-	-	-
B3	Special reserve appropriated	-	-	-	-	-	4	( 4)	-	-	-
B5	Cash dividends	-	-	-	-	-	-	( 22,893)	( 22,893)	-	( 22,893)
N1	Issuance of employees stock option	-	-	-	1,811	-	-	-	-	-	1,811
N1	Issuance of common stock under employee stock options	876	8,760	( 913)	876	-	-	-	-	-	8,723
D1	Net income in 2021	-	-	-	-	-	-	22,349	22,349	-	22,349
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	-	774	774	1	775
D5	Total comprehensive income in 2021	-	-	-	-	-	-	23,123	23,123	1	23,124
Z1	Balance at December 31, 2021	45,856	458,560	957	582,074	25,012	4	205,873	230,889	( 3)	1,272,477
	Appropriation and distribution of earnings for 2021:										
B1	Legal reserve appropriated	-	-	-	-	2,312	-	( 2,312)	-	-	-
B3	Special reserve appropriated	-	-	-	-	-	( 1)	1	-	-	-
B5	Cash dividends	-	-	-	-	-	-	( 20,814)	( 20,814)	-	( 20,814)
N1	Issuance of common stock under employee stock options	451	4,510	( 803)	451	-	-	-	-	-	4,158
D1	Net income in 2022	-	-	-	-	-	-	241,064	241,064	-	241,064
D3	Other comprehensive income after tax in 2022	-	-	-	-	-	-	( 601)	( 601)	( 378)	( 979)
D5	Total comprehensive income in 2022	-	-	-	-	-	-	240,463	240,463	( 378)	240,085
Z1	Balance at December 31, 2022	\$ 46,307	\$ 463,070	\$ 154	\$ 582,525	\$ 27,324	\$ 3	\$ 423,211	\$ 450,538	(\$ 381)	\$ 1,495,906

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Kentaro Nishikawa

CEO: Kentaro Nishikawa

Accounting Officer: Shang-Chih Lin

Kura Sushi Asia Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to December 31, 2022 and 2021

		(In Thousands of New Taiwan Dollars)	
Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 300,447	\$ 23,228
A20010	Adjustments for:		
A20100	Depreciation expenses	488,469	381,981
A20200	Amortization expenses	1,897	1,524
A20300	Expected credit impairment losses	4	-
A21900	Compensation costs of employee stock options	-	1,811
A20900	Finance costs	35,905	28,268
A21200	Interest income	( 611)	( 518)
A23700	Write-downs of inventories	5	23
A22500	Net losses (gains) on disposal of property, plant, and equipment	102	( 6,632)
A24100	Net gains on foreign currency exchange	( 20,401)	( 24,691)
A29900	Recognition of pension costs	162	693
A29900	Losses (gains) on disposal of right-of-use assets	( 3)	1,161
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	( 204)	( 19,085)
A31180	Other receivables	16,863	( 432)
A31200	Inventories	( 9,888)	1,452
A31230	Prepayments	4,564	( 8,266)
A31240	Other current assets	( 4,717)	( 270)
A32150	Accounts payable	24,423	3,706
A32180	Other payables	21,934	20,474
A32230	Other current liabilities	869	503
A33000	Cash generated from operations	859,820	404,930
A33100	Interest received	608	674
A33300	Interest paid	( 36,552)	( 27,438)
A33500	Income tax paid	( 32)	( 9,418)
AAAA	Net cash flows from operating activities	823,844	368,748

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Code		2022	2021
	Cash flows from investing activities		
B02700	Acquisition of property, plant, and equipment	(\$ 495,720)	(\$ 584,284)
B02800	Proceeds from disposal of property, plant, and equipment	-	8,571
B03700	Increase in refundable deposits	( 7,688)	( 9,141)
B04500	Acquisition of intangible assets	( 1,347)	( 1,113)
B07300	Increase in prepayments for leases	-	( 8,705)
BBBB	Cash used in investing activities, net	<u>( 504,755)</u>	<u>( 594,672)</u>
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	200,000
C00200	Decrease in short-term loans	( 100,000)	-
C04020	Repayments of lease liabilities	( 238,466)	( 181,917)
C03000	Guarantee deposits received	-	37
C04500	Cash dividends distributed	( 20,814)	( 22,893)
C04600	Proceeds from issuance of ordinary shares	<u>4,158</u>	<u>8,723</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>( 355,122)</u>	<u>3,950</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>( 381)</u>	<u>1</u>
EEEE	Net decrease in cash and cash equivalents	( 36,414)	( 221,973)
E00100	Cash and cash equivalents at beginning of year	<u>412,600</u>	<u>634,573</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 376,186</u>	<u>\$ 412,600</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Kentaro Nishikawa CEO: Kentaro Nishikawa Accounting Officer: Shang-Chih Lin

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Kura Sushi Asia Co., Ltd.

### **Opinion**

We have audited the accompanying parent company only financial statements of Kura Sushi Asia Co., Ltd. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Kura Sushi Asia Co., Ltd. in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Kura Sushi Asia Co., Ltd. for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the audit of the parent company only financial statements of Kura Sushi Asia Co., Ltd. for the year ended December 31, 2022 are as follows:

#### Accuracy of Revenue Recognition

The Company is engaged in the restaurant business. Its revenue, which is generated from individual consumers at each restaurant, is comprised of a large number of transactions, each of which with a small amount. The Company needs to rely on the POS system to collect and

summarize daily operating income information. The Company operates 48 restaurants at the end of 2022, 26 of which issue the invoice directly to individual consumers. On a daily basis, the accounting department verifies the cash receipt and credit card data for each restaurant summarized by the POS system and recognizes revenue. Net operating revenue from the above-mentioned type of restaurants for the year ended December 31, 2022 was NT\$ 2,168,122 thousand. Since the number of this type of restaurants is large and its revenue recognition relies on manual controls to verify vouchers and relevant statements, we identified the accuracy of revenue recognition related to this type of restaurants as a key audit matter.

The accounting policies with respect to revenue recognition are discussed in Note 4 (12) to the parent company only financial statements.

The main audit procedures that we performed for the above key audit matter included the following:

1. Obtain an understanding of the controls related to the general IT environment surrounding the ERP system and test the operating effectiveness of the controls.
2. Perform internal control effectiveness testing by selecting samples from the restaurant operating income report generated from the headquarter POS system. For each sample, verify whether the accounting department actually obtained external statements and performed reconciliation procedures. Also examine and ensure that the reconciliation records are summarized in the daily business report and whether the reconciliation discrepancies were investigated in accordance with the established threshold.
3. Perform detail testing of the transactions by verifying whether the amount per the daily business report matches the amount per the manual journal entry to recognize revenue recorded by the accounting department.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is also responsible for assessing the ability of Kura Sushi Asia Co., Ltd. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Kura Sushi Asia Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of Kura Sushi Asia Co., Ltd.

## **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if individual or aggregate amount of misstatements could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards of the Republic of China, we exercise professional judgment maintain professional skepticism throughout the audit. We have also performed the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provided the governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China to remain neutral and also communicated with them about all relations and other matters (including related preventive measures) that could affect the independence of certified public accountants.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Ming Hsueh and Yi-Lung Chou.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
CPA Chun-Ming Hsueh

March 9, 2023

#### Notice to Readers

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

Kura Sushi Asia Co., Ltd.  
Parent Company Only Balance Sheets  
December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 269,240	6	\$ 412,215	11
1170	Accounts receivable from unrelated parties (Notes 4 and 7)	101,172	2	100,972	3
1200	Other receivables (Notes 4 and 26)	1,202	-	17,550	-
130X	Inventories (Notes 4 and 8)	25,965	1	16,082	1
1410	Prepayments (Note 26)	21,125	1	26,397	1
1470	Other current assets (Notes 13 and 27)	4,829	-	5,923	-
11XX	Total current assets	<u>423,533</u>	<u>10</u>	<u>579,139</u>	<u>15</u>
	<b>Non-current assets</b>				
1550	Investment accounted for using the equity method (Notes 4 and 9)	111,652	3	-	-
1600	Property, plant, and equipment (Notes 4, 10, 24, and 27)	1,562,326	36	1,276,462	32
1755	Right-of-use asset (Notes 4, 5, and 11)	2,040,344	47	1,961,806	49
1780	Intangible assets (Notes 4 and 12)	2,289	-	2,839	-
1840	Deferred tax assets (Notes 4 and 20)	13,016	-	6,686	-
1915	Prepayments for construction and equipment (Note 24)	125,737	3	127,745	3
1920	Refundable deposits	51,977	1	45,509	1
1985	Prepayments for leases	-	-	8,705	-
15XX	Total non-current assets	<u>3,907,341</u>	<u>90</u>	<u>3,429,752</u>	<u>85</u>
1XXX	Total assets	<u>\$ 4,330,874</u>	<u>100</u>	<u>\$ 4,008,891</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Notes 4, 14, and 24)	\$ 100,000	2	\$ 200,000	5
2170	Accounts payable	141,522	3	117,099	3
2219	Other receivables (Notes 4, 15, 24, and 27)	248,985	6	239,388	6
2230	Current tax liabilities (Notes 4 and 20)	64,316	1	8	-
2280	Lease liabilities - current (Notes 4, 11, and 24)	240,304	6	212,694	5
2300	Other current liabilities (Note 15)	3,147	-	2,868	-
21XX	Total current liabilities	<u>798,274</u>	<u>18</u>	<u>772,057</u>	<u>19</u>
	<b>Non-current liabilities</b>				
2550	Provisions - non-current (Notes 4 and 16)	98,175	2	74,818	2
2570	Deferred income tax liabilities (Notes 4 and 20)	4,060	-	2,837	-
2580	Lease liabilities - non-current (Notes 4, 11, and 24)	1,821,751	42	1,759,053	44
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	2,541	-	1,628	-
2650	Credit balance of investments accounted for using the equity method (Notes 4 and 9)	-	-	95	-
2610	Other payables - non-current (Notes 10, 15, and 24)	110,130	3	125,889	3
2670	Other non-current liabilities	37	-	37	-
25XX	Total non-current liabilities	<u>2,036,694</u>	<u>47</u>	<u>1,964,357</u>	<u>49</u>
2XXX	Total liabilities	<u>2,834,968</u>	<u>65</u>	<u>2,736,414</u>	<u>68</u>
	<b>Equity (Note 18)</b>				
	<b>Share capital</b>				
3110	Common stock	463,070	11	458,560	11
3140	Capital received in advance	154	-	957	-
3100	Total share capital	<u>463,224</u>	<u>11</u>	<u>459,517</u>	<u>11</u>
3200	Capital surplus	<u>582,525</u>	<u>13</u>	<u>582,074</u>	<u>15</u>
	<b>Retained earnings</b>				
3310	Legal reserve	27,324	1	25,012	1
3320	Special reserve	3	-	4	-
3350	Unappropriated earnings	423,211	10	205,873	5
3300	Total retained earnings	<u>450,538</u>	<u>11</u>	<u>230,889</u>	<u>6</u>
3400	Other equity	(381)	-	(3)	-
3XXX	Total equity	<u>1,495,906</u>	<u>35</u>	<u>1,272,477</u>	<u>32</u>
	Total liabilities and equity	<u>\$ 4,330,874</u>	<u>100</u>	<u>\$ 4,008,891</u>	<u>100</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Kentaro Nishikawa

CEO: Kentaro Nishikawa

Accounting Officer: Shang-Chih Lin

Kura Sushi Asia Co., Ltd.

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 4)	\$ 3,847,885	100	\$ 2,527,098	100
5000	Operating costs (Notes 4, 8, and 27)	<u>2,239,108</u>	<u>58</u>	<u>1,535,008</u>	<u>61</u>
5900	Gross profit	<u>1,608,777</u>	<u>42</u>	<u>992,090</u>	<u>39</u>
	Operating expenses (Notes 19 and 27)				
6100	Selling expenses	1,083,632	28	792,931	31
6200	General and administrative expenses	179,036	5	165,924	7
6300	Research and development expenses	606	-	532	-
6450	Expected credit impairment losses	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>1,263,278</u>	<u>33</u>	<u>959,387</u>	<u>38</u>
6900	Net operating income	<u>345,499</u>	<u>9</u>	<u>32,703</u>	<u>1</u>
	Non-operating income and expenses (Note 19)				
7100	Interest income	461	-	518	-
7010	Other income	9,087	-	3,357	-
7020	Other gains and losses	4,055	-	14,938	1
7050	Finance costs	( 35,861 )	( 1 )	( 28,268 )	( 1 )
7070	Share of loss of subsidiaries, associates, and joint ventures accounted for using equity method (Note 9)	( <u>22,794</u> )	<u>-</u>	( <u>20</u> )	<u>-</u>
7000	Total non-operating income and expenses	( <u>45,052</u> )	( <u>1</u> )	( <u>9,475</u> )	<u>-</u>
7900	Net income before tax	300,447	8	23,228	1
7950	Tax expenses (Notes 4 and 20)	<u>59,383</u>	<u>2</u>	<u>879</u>	<u>-</u>
8200	Net income for the year	<u>241,064</u>	<u>6</u>	<u>22,349</u>	<u>1</u>

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Code		2022		2021	
		Amount	%	Amount	%
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(\$ 751)	-	\$ 967	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	150	-	(193)	-
8310		(601)	-	774	-
8360	Items that will be reclassified to profit or loss				
8361	Financial statements translation differences of foreign operations	(378)	-	1	-
8300	Other comprehensive income for the year (net income after tax)	(979)	-	775	-
8500	Total comprehensive income for the year	\$ 240,085	6	\$ 23,124	1
	Net income attributable to:				
8610	Owners of the Company	\$ 241,064	6	\$ 22,349	1
	Comprehensive income attributable to:				
8710	Owners of the Company	\$ 240,085	6	\$ 23,124	1
	Earnings per share (Note 21)				
9750	Basic	\$ 5.21		\$ 0.49	
9850	Diluted	\$ 5.14		\$ 0.48	

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Kentaro Nishikawa    CEO: Kentaro Nishikawa    Accounting Officer: Shang-Chih Lin

Kura Sushi Asia Co., Ltd.  
Parent Company Only Statements of Changes in Equity  
January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Code		Share capital				Retained earnings				Other equity	Total equity
		Number of Shares (in Thousands)	Common stock	Capital received in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Financial statements translation differences of foreign operations	
A1	Balance at January 1, 2021	44,980	\$ 449,800	\$ 1,870	\$ 579,387	\$ 21,815	\$ -	\$ 208,844	\$ 230,659	(\$ 4)	\$ 1,261,712
	Appropriation and distribution of earnings for 2020: :										
B1	Legal reserve appropriated	-	-	-	-	3,197	-	( 3,197 )	-	-	-
B3	Special reserve appropriated	-	-	-	-	-	4	( 4 )	-	-	-
B5	Cash dividends	-	-	-	-	-	-	( 22,893 )	( 22,893 )	-	( 22,893 )
N1	Issuance of employees stock option	-	-	-	1,811	-	-	-	-	-	1,811
N1	Issuance of common stock under employee stock options	876	8,760	( 913 )	876	-	-	-	-	-	8,723
D1	Net income in 2021	-	-	-	-	-	-	22,349	22,349	-	22,349
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	-	774	774	1	775
D5	Total comprehensive income in 2021	-	-	-	-	-	-	23,123	23,123	1	23,124
Z1	Balance at December 31, 2021	45,856	458,560	957	582,074	25,012	4	205,873	230,889	( 3 )	1,272,477
	Appropriation and distribution of earnings for 2021:										
B1	Legal reserve appropriated	-	-	-	-	2,312	-	( 2,312 )	-	-	-
B3	Special reserve appropriated	-	-	-	-	-	( 1 )	1	-	-	-
B5	Cash dividends	-	-	-	-	-	-	( 20,814 )	( 20,814 )	-	( 20,814 )
N1	Issuance of common stock under employee stock options	451	4,510	( 803 )	451	-	-	-	-	-	4,158
D1	Net income in 2022	-	-	-	-	-	-	241,064	241,064	-	241,064
D3	Other comprehensive income after tax in 2022	-	-	-	-	-	-	( 601 )	( 601 )	( 378 )	( 979 )
D5	Total comprehensive income in 2022	-	-	-	-	-	-	240,463	240,463	( 378 )	240,085
Z1	Balance at December 31, 2022	46,307	\$ 463,070	\$ 154	\$ 582,525	\$ 27,324	\$ 3	\$ 423,211	\$ 450,538	(\$ 381)	\$ 1,495,906

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Kentaro Nishikawa

CEO: Kentaro Nishikawa

Accounting Officer: Shang-Chih Lin

Kura Sushi Asia Co., Ltd.  
Parent Company Only Statements of Cash Flows  
January 1 to December 31, 2022 and 2021

		(In Thousands of New Taiwan Dollars)	
Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 300,447	\$ 23,228
A20010	Adjustments for:		
A20100	Depreciation expenses	487,820	381,981
A20200	Amortization expenses	1,897	1,524
A20300	Expected credit impairment losses	4	-
A21900	Compensation costs of employee stock options	-	1,811
A20900	Finance costs	35,861	28,268
A21200	Interest income	( 461 )	( 518 )
A23700	Write-downs of inventories	5	23
A22400	Share of loss of subsidiaries, associates, and joint ventures accounted for using equity method	22,794	20
A22500	Net losses (gains) on disposal of property, plant, and equipment	102	( 6,632 )
A24100	Net gains on foreign currency exchange	( 20,401 )	( 24,691 )
A29900	Recognition of pension costs	162	693
A29900	Losses (gains) on disposal of right-of-use assets	( 3 )	1,161
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	( 204 )	( 19,085 )
A31180	Other receivables	16,352	( 432 )
A31200	Inventories	( 9,888 )	1,452
A31230	Prepayments	5,272	( 8,257 )
A31240	Other current assets	1,094	( 281 )
A32150	Accounts payable	24,423	3,706
A32180	Other payables	20,091	20,474
A32230	Other current liabilities	279	464
A33000	Cash generated from operations	885,646	404,909
A33100	Interest received	457	674
A33300	Interest paid	( 36,508 )	( 27,438 )
A33500	Income tax paid	( 32 )	( 9,418 )
AAAA	Net cash flows from operating activities	<u>849,563</u>	<u>368,727</u>

(Continued on the next page)

(Continued from the previous page)

Code		2022	2021
	Cash flows from investing activities		
B02200	Net cash outflow from acquisition of subsidiaries (investment accounted for using the equity method)	(\$ 134,919)	\$ -
B02700	Acquisition of property, plant, and equipment	( 495,557)	( 584,284)
B02800	Proceeds from disposal of property, plant, and equipment	-	8,571
B03700	Increase in refundable deposits	( 6,468)	( 9,141)
B04500	Acquisition of intangible assets	( 1,347)	( 1,113)
B07300	Increase in prepayments for leases	<u>-</u>	<u>( 8,705)</u>
BBBB	Cash used in investing activities, net	<u>( 638,291)</u>	<u>( 594,672)</u>
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	200,000
C00200	Decrease in short-term loans	( 100,000)	-
C04020	Repayments of lease liabilities	( 237,591)	( 181,917)
C03000	Guarantee deposits received	-	37
C04500	Cash dividends distributed	( 20,814)	( 22,893)
C04600	Proceeds from issuance of ordinary shares	<u>4,158</u>	<u>8,723</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>( 354,247)</u>	<u>3,950</u>
EEEE	Net decrease in cash and cash equivalents	( 142,975)	( 221,995)
E00100	Cash and cash equivalents at beginning of year	<u>412,215</u>	<u>634,210</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 269,240</u>	<u>\$ 412,215</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Kentaro Nishikawa   CEO: Kentaro Nishikawa   Accounting Officer: Shang-Chih Lin

KURA SUSHI ASIA CO., LTD  
Earnings Distribution Table  
2022

Item	Amount	Unit: NTD
Beginning balance of unappropriated retained earnings	\$ 182,747,385	
Add: Remeasurements of defined benefit plans recognized in retained earnings	( 600,806 )	
Adjusted undistributed retained earnings	182,146,579	
Add: Net profit after tax for the current year	241,064,065	
Less: Legal reserve appropriated	( 24,046,326 )	
Special reserve legally appropriated	( 377,805 )	
Earnings available for distribution	\$ 398,786,513	
Distribution items		
Cash dividends of common stock (NT\$1.5/share) (Note)	70,075,500	
Unappropriated earnings at the end of the period	\$ 328,711,013	

## Note:

1. The dividend rate is calculated based on the 46,717,000 shares issued and tradable as of March 31, 2023. If the total number of issued shares changes subsequently, which affects the dividend rate, the chairman is authorized to be based on the actual dividend base date. The shareholder's dividend rate will be subject to adjustment as the actual number of outstanding shares changes.
2. Cash dividends are up to the nearest NT Dollar, with the difference included in the Company's other income.

Chairman:  
Kentaro Nishikawa

CEO:  
Kentaro Nishikawa

Accounting Officer:  
Shang-Chih Lin



**KURA SUSHI ASIA CO., LTD**  
**Rules for Election of Directors**  
**Comparison Table Before and After Amendments**

Amended Provisions	Current Provisions	Description
<p>9 A ballot is deemed void if any of the following circumstances occurs:</p> <p>9.1 A ballot was not prepared by the members with the convening right.</p> <p>9.2 A blank ballot thrown into the ballot box;</p> <p>9.3 Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.</p> <p>9.4 Where the candidate voted for is not on the List of Director Candidates.</p> <p>9.5 Any ballot with characters other than the allocated number of voting rights.</p>	<p>9 A ballot is deemed void if any of the following circumstances occurs:</p> <p>9.1 A ballot was not prepared by the members with the convening right.</p> <p>9.2 A blank ballot thrown into the ballot box;</p> <p>9.3 Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.</p> <p>9.4 <u>Where the candidate voted for is a shareholder of the Company, such candidate's account name and shareholder account number filled in the ballot is inconsistent with that on the shareholder registry.</u> Where the candidate voted for is not on the List of Director Candidates.</p> <p>9.5 Any ballot with characters other than the allocated number of voting rights.</p>	<p>In accordance with Order No. 1080311451 issued by the Financial Supervisory Commission on April 25, 2019, with effect from 2021, all TWSE and TPEX listed companies shall adopt a candidate nomination system for the election of directors and supervisors, and shareholders shall elect the directors and supervisors from among the nominees listed in the roster of candidates. Prior to the shareholders meeting, shareholders may familiarize themselves with candidates' names, education background, and other relevant information via the candidate list. As the verification of shareholders by shareholder number or identity card number is no longer necessary, the Article is amended accordingly.</p>
<p>13 Initial formulation: Adopted by the Board of Directors (on behalf of shareholders meeting) on November 07, 2018.  First amendment: Approved by the shareholders meeting on July 27, 2021.  Second amendment: Approved by the shareholders meeting on June 27, 2023.</p>	<p>13 Initial formulation: Adopted by the Board of Directors (on behalf of shareholders meeting) on November 07, 2018.  First amendment: Approved by the shareholders meeting on July 27, 2021.</p>	<p>Added amendment date.</p>

## Chapter 4 Appendices

[Appendix I]

Prepared by	Management Department	Rules for Election of Directors (Before Amendments)	No.	FI-B-028
Prepared on	2018.11.07		Page	2
Amended on	2021.07.27		Version	A1

1. Scope: Except otherwise provided by relevant laws or the Company's Articles of Incorporation, the election of the directors of the Company shall comply with the Rules for Election of Directors.
2. Qualifications of directors
  - 2.1 The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
    - 2.1.1 Basic qualification and value: Gender, age, nationality, and culture.
    - 2.1.2 Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.
  - 2.2 All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. The entire Board of Directors shall possess the following abilities:
    - 2.2.1 Capability to make sound business judgments
    - 2.2.2 Accounting and financial analysis capabilities
    - 2.2.3 Business management ability
    - 2.2.4 Crisis management capability
    - 2.2.5 Industrial knowledge
    - 2.2.6 Global market viewpoint
    - 2.2.7 Leadership skills
    - 2.2.8 Capability to make decisions
  - 2.3 More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
  - 2.4 The Company's Board of Directors shall consider adjusting its composition based on the results of performance evaluation.
3. Qualifications and election of independent directors
  - 3.1 When the Company has established an independent director system, the qualifications of its independent directors shall be in compliance with the provisions of Article 2 to 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

- 3.2 When the Company has established an independent director system, the election of its independent directors shall be in compliance with the provisions of Article 5, Article 8, and Article 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and shall be conducted in accordance with Article 24 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".
4. Rules for election of directors
- 4.1 The election of directors shall be conducted in accordance with the procedures of the candidate nomination system prescribed in Article 192-1 of the Company Act.
- 4.2 When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed in the Company's articles of incorporation, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- 4.3 Where the number of the independent directors falls below that required under the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancies. When the independent directors are dismissed en masse, a provisional shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
5. Methods for electing directors
- The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
6. The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
7. The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairperson drawing lots on behalf of any person not in attendance.
8. Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
9. A ballot is deemed void if any of the following circumstances occurs:
- 9.1 A ballot was not prepared by the members with the convening right.
- 9.2 A blank ballot thrown into the ballot box;

- 9.3 Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.
- 9.4 Where the candidate voted for is a shareholder of the Company, such candidate's account name and shareholder account number filled in the ballot is inconsistent with that on the shareholder registry. Where the candidate voted for is not on the List of Director Candidates.
- 9.5 Any ballot with characters other than the allocated number of voting rights.
- 10. Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors including number of votes shall be announced by the Chairman. The ballots shall be sealed and signed off by the ballot inspectors and be kept for at least a year. In the event of a lawsuit regarding the Directors election under Article 189 of the Company Law, those ballots shall be archived until the conclusion of the lawsuit.
- 11. The Board of Directors of the Company shall deliver a written notification to each of the elected directors.
- 12. These rules and any amendments thereafter shall become effective upon resolution at the shareholders meeting.
- 13. Initial formulation: Adopted by the Board of Directors (on behalf of shareholders meeting) on November 07, 2018.  
First amendment: Approved by the shareholders meeting on July 27, 2021.

## KURA SUSHI ASIA CO., LTD

### Rules of Procedures for Shareholders Meeting

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Company's shareholders meetings, and to strengthen management capabilities, these rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these rules.
- Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
- This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of an annual shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the annual shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
- The cause or subject of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient thereof.
- Election/dismissal of Directors, changes in the Articles of Incorporation, capital reduction, application of halting public offering, permission for the Directors to compete with the Company, capitalization of retained earnings, capitalization of capital reserves, dissolution/merging/splitting of the Company, or all items pertaining to Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or items pertaining to Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions.
- Where the reasons for convening the shareholders meeting already specifies the election of all Directors and the date elected Directors take office, once the election is completed in the shareholders meeting, the date the elected Directors take office may not be changed by extempore motions or other methods in the same meeting.
- A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Shareholders may submit proposals to urge the Company to promote public interests or fulfill

its social responsibilities. Only one matter shall be allowed in each proposal pursuant to Article 172-1 of the Company Act. Where a proposal contains more than one matter, such proposal would not be included in the agenda.

Prior to the book closure date before an annual shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, in written or electronic method, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each event of a shareholders meeting, a shareholder may issue a proxy in the form printed by the Company to expressly stipulate the scope of authorized powers to authorize representative(s) to attend a shareholders meeting on his or her behalf.

A shareholder shall issue power of attorney and designated one proxy only, and shall deliver the power of attorney to the Company five days before the shareholders meeting. If more than one power of attorney is delivered, the earliest one received by the Company shall prevail. However, this restriction does not apply when a statement is made to revoke the earlier power of attorney. Where a shareholder intends to personally attend the shareholders meeting or exercises voting rights by correspondence or electronic transmission after delivering the power of attorney to the Company, the shareholder shall provide, two days before the date of the shareholders meeting, a printed notification to the Company for rescinding the said power of attorney. Where the period for rescinding the power of attorney has expired, the voting right exercised by the designated agent attending the meeting shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 The Company shall, in the notice of the shareholders meeting, specify the time and place for shareholder registration, and other important matters.

Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staff at the registration desk.

A shareholder attending the meeting in person or a commissioned agent attending on behalf of a shareholder (hereinafter referred to as “shareholders”) shall provide an attendance pass, attendance sign-in card, or other form of attendance identification document to attend the shareholders meeting. A solicitor soliciting a letter of attorney shall also provide a personal identification document for verification.

The Company shall provide an attendance register for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of signing the register.

The Company shall deliver the meeting agendas, annual reports, attendance cards, speaker's slip, votes, and other meeting materials to the shareholders

attending the shareholders meeting. If there are Directors to be elected, the ballots shall also be provided.

When a government or a juristic person is a shareholder, there may be more than one representative attending the shareholders meeting. If a juristic person is entrusted to attend the shareholders meeting, such juristic person may only appoint one person to be its representative at the meeting.

Article 7 If a shareholders meeting is convened by the board of directors of the Company (the "Board" or "Board of Directors"), the Chairman of the Board shall preside at such meeting. If the Chairman of the Board is on leave or unable to exercise his powers and duties for any reason, the Vice Chairman of the Board shall preside at such meeting. The Chairman of the Board shall designate a managing director to preside as the chairman if a Vice Chairman is not appointed, or if the Vice Chairman of the Board is on leave or unable to exercise his powers and duties for any reason. If no managing director of the Company is appointed, the Chairman of the Board shall designate a director to preside as the chairperson. If the Chairman of the Board fails to designate a chairperson for the meeting, the managing director or the directors shall nominate one from among themselves to preside at the meeting.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same requirements shall apply if the chairperson for the meeting is a director representative of a juristic person.

For a shareholders meeting convened by the Board of Directors, it is preferable for more than half of the directors of the Board of Directors to attend the meeting.

If a shareholders meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint the retained Attorney(s)-at-Law, Certified Public Accountant(s), or relevant personnel to participate in a shareholder meeting as an observer.

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The aforementioned sound and video recording shall be retained for at least one year. In the event of a lawsuit regarding the Directors election under Article 189 of the Company Law, those ballots shall be archived until the conclusion of the lawsuit.

Article 9 The attendance by shareholders shall be duly calculated based on the number of shares they hold. The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet. The chairperson shall call the meeting to order at the time scheduled for the meeting, as well as announcing information such as the number of shares with no voting right and shares present. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements, the chairperson may announce that the meeting should be canceled.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### Article 10

If a shareholders meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors. All relevant proposals (including extraordinary motions and amendments to the original proposals) shall be decided on a case-by-case basis. The meeting shall be conducted according to the scheduled agenda, and shall not be changed, unless otherwise resolved at the shareholders meeting.

The preceding paragraph shall apply *mutatis mutandis* to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda set out in the preceding two paragraphs (including extempore motions), except upon a resolution adopted by the shareholders meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, other members of the Board of Directors shall promptly assist the shareholders present in electing a new chairperson in accordance with the statutory procedures. The meeting shall continue after a chairperson is elected with the approval of more than half the voting rights represented by the shareholders present.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; where the chairperson believes an issue has been discussed in the meeting up to the level for voting, the chairperson may announce discontinuance of the discussion process and bring that issue to a vote, and arrange a sufficient voting time.

#### Article 11

Prior to speaking at the meeting, an attending shareholder shall submit a slip of paper summarizing his/her/its comments and/or questions and specifying his/her/its shareholder account number (or the attendance ID number) and the account name of the shareholder, in order for the chairman to determine the speaking order.

An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations.

In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same issue.

After the speech is given by an attending shareholder, the chairman may personally respond or designate relevant personnel to respond.



- Article 12 The voting by shareholders shall be duly calculated based on the number of shares they hold.  
With respect to the resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.  
When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, such a shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.  
The number of shares with voting rights that cannot be exercised in the preceding paragraph shall not be counted as part of the voting rights represented by attending shareholders.  
With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- Article 13 A shareholder shall have one voting power in respect of each share; however, this limit is not applicable to those who are restricted, or who do not have the right to vote under Article 179, Paragraph 2 of the Company Act.  
When the Company convenes a shareholders meeting, shareholders may exercise their voting power in writing or by way of electronic transmission; the method of exercising their voting power shall be described in the shareholders meeting notice. A shareholder who exercises his/her voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders meeting in person. However, the shareholder shall be deemed to have forfeited voting rights for extempore motions or for amendments to the original proposals. Hence, the Company is advised to avoid proposing extempore motions or amending the original proposals.  
A shareholder intending to exercise voting rights by correspondence or electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this restriction does not apply when a declaration is made to cancel an earlier declaration of intent.  
After the shareholders exercise their voting rights by correspondence or electronic transmission, if they want to attend the shareholders meeting in person, they shall cancel the declaration of intent in the preceding paragraph in the same manner as exercising the voting rights two days before the shareholders meeting. Where the period for cancellation has expired, voting rights exercised by correspondence or electronic transmission shall prevail. If the voting rights are exercised by correspondence or electronic transmission and a proxy is designated to attend the shareholders meeting by the power of attorney, the voting rights exercised by the attending proxy shall prevail.  
Except as otherwise provided under the Company Act and/or the Company's Articles of Incorporation, a resolution shall be adopted with the approval of more than one-half of the votes of the shareholders present. An issue is deemed to have been duly resolved after the chairperson enquires from all participants but no objection is heard. The validity of the decision so resolved is equally valid as a decision duly resolved through the balloting process.  
In the event that an amendment or a substitute comes out of the same issue, the chairperson shall fix the order of balloting in consolidation with the original issue. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.

The person(s) supervising the casting of the ballots and the person(s) counting the ballots are designated by the chairperson, provided that the person(s) supervising the casting of the ballots shall be a shareholder.

The recording procedure of issues of shareholder meetings shall be processing publicly in shareholder meetings and the results including statistical weights shall be reported on the spot and shall be recorded into the minutes of the meeting.

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, as well as the list of unelected directors and the number of voting rights thereof.

The ballots shall be sealed and signed off by the ballot inspectors and be kept for at least a year. In the event of a lawsuit regarding the Directors election under Article 189 of the Company Law, those ballots shall be archived until the conclusion of the lawsuit.

Article 15 The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.

Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a Shareholders Meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff at the shareholders meetings shall wear ID badges or arm badges.

The chairman may direct patrol personnel (or security personnel) to assist in maintaining the order of the meeting. Such patrol personnel (or security personnel) shall wear arm badges marked "Patrol Personnel" while assisting in maintaining the order of the meeting.

If the venue is equipped with a public address system, the chairperson may stop shareholders from making a speech through other devices.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may instruct the guards or security personnel to escort the shareholder from the meeting.

Article 18 When the meeting is held, the chairperson may announce a break. When an unpreventable event occurs, the chairperson may decide to temporarily suspend the meeting and announce the time for the meeting to be resumed depending on the conditions.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

The shareholders meeting may resolve to defer or resume the meeting within five days pursuant to Article 182 of the Company Act.

Article 19 These rules and any amendments thereafter shall become effective upon resolution at the shareholders meeting.

These rules became effective as of November 07, 2018.

The first amendment was made on July 27, 2021.

**KURA SUSHI ASIA CO., LTD.**  
**(Formerly: KURA SUSHI TAIWAN CO., LTD.)**  
**Articles of Incorporation**

**Chapter 1 General Provisions**

- Article 1 The Company was organized in accordance with the Company Act and is named KURA SUSHI ASIA CO., LTD.
- Article 2 The business to be operated by the Company is as follows:
- 1 F501060 Restaurant Business
  - 2 F101050 Wholesale of Aquatic Products
  - 3 F201030 Retail Sale of Aquatic Products
  - 4 H703090 Real Estate Commerce
  - 5 H703100 Real Estate Rental and Leasing
  - 6 F203020 Retail Sale of Tobacco and Alcohol
  - 7 I501010 Product Designing
  - 8 F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
  - 9 ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval
- Article 3 The headquarters of the Company is located in Taipei City. The Company may establish branches or subsidiaries in Taiwan or overseas as the Company may require upon resolution by the Board of Directors of the Company.
- Article 4 Public announcements of the Company shall be duly made in accordance with Article 28 of the Company Act and other relevant laws and regulations.

**Chapter 2 Share**

- Article 5 The total amount of the Company's reinvestment is not subject to the limit of 40% of the paid-in capital, as dictated by Article 13 of the Company Act.
- Article 6 The Company has obtained external fund loans and endorsements due to business and investment relationships, and its operations have been handled in accordance with the Company's "Fund Loan to Others Operating Procedures" and "Endorsement Operating Procedures".
- Article 7 The total capital of the Company is set at NT\$600 million, which is divided into 60 million shares with a par value of NT\$10. The Board of Directors is authorized to issue the unissued in installments after resolution.
- Article 8 The Company may issue employee stock option certificates, convert the share quota, retain 4.5 million shares within the total share quota in the previous article for employees to issue shares to exercise the subscription rights, and authorize the Board of Directors to decide to issue them in installments after resolution. The recipients of employee dividends may include the employees of controlling or subordinate companies that meet certain conditions, and the conditions and methods shall be set by the Board of Directors.
- Article 9 The Company's stock shall generally be registered, and at least three of the Company's directors shall sign or affix their seals to shares. Stock shall be issued after attestation by the competent authority or an issuance attestation organization approved by the competent authority, but they can be exempted from being printed.

Article 10 The change of the record in the shareholder register shall be handled in accordance with Article 165 of the Company Act. After the Company's public offering of shares, the Company shall take charge of stock affairs in accordance with the "Regulations Governing Stock Affairs of Public Companies" and relevant laws and regulations.

### **Chapter 3 Shareholders Meeting**

Article 11 There are two types of shareholders meetings of the Company, the annual meeting and special meeting. Annual meeting shall be convened by the Board of Directors annually within six (6) months after the end of each fiscal year, and special meetings shall be convened in accordance with the law when necessary.

Article 12 The convening of the shareholders meetings shall be handled in accordance with Article 172 of the Company Act. With the consent of the addressee, the notice of a shareholders meeting may be given in electronic form.

Article 13 Unless otherwise provided by the Company Act, the shareholders meetings shall be convened by the Board of Directors and chaired by the Chairman. If the Chairman of the Board is on leave or unable to exercise his powers and duties for any reason, the chairperson of the meetings shall be appointed pursuant to Article 208 of the Company Act. If a shareholders meeting is convened by a party with the power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 14 When a shareholder is unable to attend the shareholders meeting for some reason, power of attorney issued by the Company shall be issued, specifying the scope of authorization, signed or stamped to entrust a proxy to attend the shareholders meeting. The rules and regulations for shareholders' proxy attendance shall be handled in accordance with Article 177 of the Company Act. After the public offering of the Company's shares, the rules and regulations for shareholders' proxy attendance shall be governed by the "Regulations Governing the Use of Proxies for Attendance at Shareholders Meetings of Public Companies" prescribed by the competent authority.

Article 15 All shareholders are entitled to one vote for every share held, except for the circumstances stipulated in Article 179 of the Company Act.

Article 16 Except as otherwise provided by the Company Act, the resolutions of the shareholders meeting shall be adopted upon the approval of a majority of the voting shares present at the meeting, which is attended by holders of a majority of the total issued and outstanding shares of the Company.

Article 17 After the Company is listed on TWSE or TPEX, electronic methods shall be listed as one of the channels for shareholders to exercise their voting rights, and the method of exercise shall be stated in the notice of shareholders meeting. Those exercising their voting rights electronically shall be deemed equal to those shareholders present at the meeting, and all relevant matters shall be processed according to legal regulations.

Article 18 The resolutions of the shareholders meeting shall be recorded in minutes, signed or stamped by the chairman, and distributed to shareholders within 20 days after the meeting. The minutes shall be produced and distributed electronically. The distribution of meeting minutes after the public issuance of the Company's shares may be conducted through public announcement.

Article 19 After the public issuance of the Company's shares, when the Company proposes to cancel public offering, the proposal shall obtain the resolution adopted by shareholders meeting in accordance with the Company Act.

#### **Chapter 4 Directors, Audit Committee, and Other Functional Committees**

- Article 20 The Company shall have five to seven directors, who shall be elected from legally competent persons at the shareholders meeting and hold office for three years, and re-elected directors may serve consecutive terms. After the Company's public offering, there shall be at least two independent directors among the number of directors to be elected referred to in the preceding paragraph, and the independent directors shall represent at least one-fifth of the Board of Directors. The independent directors shall be elected at the shareholders meeting using the candidate nomination system and from among a list of candidates. The professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the independent directors, and other related matters shall comply with applicable laws and regulations prescribed by the competent authority. After the Company's public offering, the total number of registered shares held by all directors shall not be lower than a certain percentage of issued shares required by the competent authority. The registered cumulative voting system shall be adopted for election of directors of the Company. After the Company is listed on TWSE/TPEX, the election of directors shall adopt the candidate nomination system.
- Article 21 The Company's Board of Directors may set up an audit committee or other functional committees subject to the needs of business operations. The establishment and powers of the relevant committees shall be carried out in accordance with the regulations set by the competent authority.
- Article 22 The directors shall elect from among themselves a Chairman of the Board of Directors by a majority vote at a meeting attended by over two-thirds of all the directors. The Chairman of the Board of Directors shall represent the Company externally and execute all affairs of the Company in accordance with the laws, these Articles of Incorporation, and the resolutions of the shareholders meeting and Board of Directors. The notices of a board meeting shall expressly indicate the subject(s) of the meeting and be served to all directors seven days prior to the date scheduled for the meeting. In case of an emergency, a board meeting may be convened at any time. The notice of convening a board meeting in the preceding paragraph shall specify the reason, and it shall be made in writing, email, or fax. The Company may, through the Board of Directors' resolution, purchase liability insurance for directors and important employees during their term of office for the scope of their execution of the business scope in accordance with the law.
- Article 23 Unless otherwise stipulated in the Company Act, the Board of Directors' resolutions shall be adopted by the majority of the directors and agreed by the majority of the directors present. If the directors are unable to attend a board meeting in person for some reason, in accordance with Article 205 of the Company Act, they shall entrust other directors to attend the board meeting. When the Chairman of the Board of Directors asks for leave or is unable to exercise his powers for some reason, his agency shall be handled in accordance with Article 208 of the Company Act. If participation by means of video conferencing is made available at a meeting, directors who participate in the meeting by such means shall be deemed to have attended such meeting in person. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each director within 20 days after the conclusion of the meeting.
- Article 24 The Board of Directors is authorized to determine upon the remunerations for all directors according to their participation in and contribution to the Company operation and with reference to the common remuneration level of counterparts in the industry.

## **Chapter 5 Managerial Officers**

Article 25 The Company shall have managers. Appointment, discharge, and remuneration of these managers shall be in compliance with Article 29 of the Company Act.

## **Chapter 6 Accounting**

Article 26 The Company's fiscal year is from January 1 to December 31 of each year. The following documents shall be compiled by the Board of Directors at the end of each fiscal year and submitted to the Audit Committee for review thirty days before the annual shareholders meeting, and the Audit Committee will issue a report and submit the same to the shareholders meeting for recognition: (I) Business report; (II) Financial statements; (III) Proposal for surplus distribution or loss allowance.

Article 27 If the Company's annual pre-tax benefits before deduction of employee compensation and directors' compensation are profitable, no less than 1% shall be appropriated as employee remuneration, which shall be distributed in stock or cash upon resolution of the Board of Directors. Employee compensation may be issued to employees in affiliate companies that meet certain criteria. The Company may appropriate no more than 3% of the above profit as directors' compensation upon resolution of the Board of Directors. The directors' compensation shall be distributed in cash only. The distribution plan of the employee compensation and directors' compensation shall be reported at the shareholders meeting. However, when the Company still has accumulated losses, it shall reserve the amount of compensation in advance, and then allocate employee compensation and directors' compensation in proportion to the preceding paragraph. If there is a surplus in the Company's annual final accounts, tax shall be paid in accordance with the law, and after making up for the accumulated losses, another 10% shall be distributed as the statutory surplus reserve. However, when the statutory surplus reserve has reached the Company's paid-in capital, the statutory surplus reserve shall no longer be allocated, and the special surplus reserve shall be distributed or reversed in accordance with law orders or regulations of the competent authority. The remaining earnings, together with accumulated retained earnings, can be distributed as shareholders' dividends according to the Board of Directors' proposal and after the approval from the shareholders meeting.

Article 28 The Company is in a growth stage. Based on capital expenditures, business expansion needs, and sound financial planning for sustainable development, the Company's dividend policy is based on such factors as current and future development plans, the investment environment and funding needs. Every year, no less than 10% of the current year's net profit shall be allocated to shareholders, and the distribution of shareholder dividends can be paid in cash or stocks, of which cash dividends shall not be less than 10% of the total dividends for the year.

## **Chapter 7 Supplementary Provisions**

Article 29 Matters not specified in these Articles of Incorporation shall be governed by the Company Act.

Article 30 These Articles of Incorporation were adopted on January 7, 2014. The first amendment was made on July 31, 2014. The second amendment was made on December 16, 2015. The third amendment was made on June 30, 2016. The fourth amendment was made on November 1, 2016. The fifth amendment was made on June 29, 2018. The sixth amendment was made on November 7, 2018. The seventh amendment was made on June 3, 2019.

**KURA SUSHI ASIA CO., LTD**  
Shareholding Status of Directors

- I. The number of shares issued by the Company is 46,717,000 shares. The minimum total number of shares to be held by all the directors shall be 3,737,360 shares.
- II. As of the book closure date for this annual shareholders meeting on April 29, 2023, the following are the shareholding status of individuals and the entirety of directors recorded in the Shareholders Register:

Title	Name	Shares Held	Shareholding Ratio
Chairman	Kura Sushi, Inc. Representative: Kentaro Nishikawa	31,200,000	66.79%
Director	Kura Sushi, Inc. Representative: Kazuto Kondo		
Director	Kura Sushi, Inc. Representative: Kazuya Tamura		
Director	Shinji Wanibe	-	-
Independent Director	Jason Liu	-	-
Independent Director	Jun Ishikawa	-	-
Independent Director	Claire Lin	-	-
Number of shares held by all directors		31,200,000	66.79%