



Stock Code: 2754

KURA SUSHI ASIA CO., LTD.

2021 Annual Shareholders Meeting

Meeting Handbook

Time: June 28, 2021, 10:00am

Venue: Lecture Hall, 1st Floor, Importers & Exporters Association of Taipei
(No. 350, Songjiang Road, Zhongshan District, Taipei City)

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Chapter 1. Meeting Procedure

KURA SUSHI ASIA CO., LTD.

Meeting Procedure for 2021 Annual Shareholders Meeting

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Reports
- IV. Ratifications
- V. Discussions
- VI. Motions
- VII. Adjournment

Chapter 2. Meeting Agenda

KURA SUSHI ASIA CO., LTD.

Meeting Agenda for 2021 Annual Shareholders Meeting

Time: June 28, 2021, 10:00am

Venue: Lecture Hall, 1st Floor, Importers & Exporters Association of Taipei (No. 350, Songjiang Road, Zhongshan District, Taipei City)

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. Reports
 - (1) 2020 Business Report
 - (2) Audit Committee's Audit Report on the 2020 Final Reports and Statements
 - (3) Report on the Distribution of Remuneration for Employees and Directors
 - (4) Report on the Amendment to the "Code of Ethical Conduct"
 - (5) Report on the Changes in Accounting Estimates since the Accounting Year of 2021
- IV. Ratifications
 - (1) Proposal for 2020 Business Report and Financial Statements
 - (2) Proposal for 2020 Earnings Distribution
- V. Discussions
 - (1) Proposal for Amending "Rules for Election of Directors"
 - (2) Proposal for Amending "Rules of Procedure for Shareholders Meetings"
- VI. Motions
- VII. Adjournment

I. Reports

Proposal 1:

Subject: Please review 2020 Business Report

Note: Please refer to this Meeting Handbook [Attachment I] (page 7-page 8) for the 2020 Business Report

Proposal 2:

Subject: Please review 2020 Audit Committee's Audit Report on final accounts statements

Note: Please refer to this Meeting Handbook [Attachment II] (page 9 for the 2020 Audit Committee's Audit Report

Proposal 3:

Subject: Please review the report on the distribution of employee compensation and director compensation in 2020.

Note: In accordance with Article 235-1 of the Company Act and Article 27 of the Articles of Incorporation, NT\$3 million for employee compensation and NT\$500,000 for director compensation have been distributed in full and in cash this year.

Proposal 4:

Subject: Please review the amendment to the "Code of Ethical Conduct".

Note: In accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" issued by the Financial Supervisory Commission on June 3, 2020, some provisions of the "Code of Ethical Conduct" have been amended. Please refer to this Meeting Handbook [Attachment III] (page 10-13) for the Comparison Table of the "Code of Ethical Conduct" before and after Amendments.

Proposal 5:

Subject: Please review the report on changes in accounting estimates since the fiscal year of 2021.

Note: (1) Taking into account the actual use and future economic benefits of its assets, The Company intends to change the original useful lives (5 years) of mainly machinery equipment and leasehold improvements to the lease contract period of each store, if the lease term is longer than 10 years, then the useful life is set at 10 years, starting from January 1, 2021; the useful life of the right-of-use asset is changed from 5 years to the same duration as the lease term. In order to reflect the actual useful life and reasonable amortization of costs, so that The Company is able to provide reliable and more relevant information.

(2) In accordance with the provisions of Article 6 of the Financial Report Preparation Standards for Securities Issuers, the Company has entrusted "Chengzheng Cross-Strait Asset Appraisal Co., Ltd." to evaluate the useful life of machinery and equipment (turntables), lease improvements, and right-of-use assets, and has entrusted an accounting firm to issue an audit opinion on the rationality of the change in the useful life of these assets.

(3) This change in accounting estimates increased the assets and liabilities by NT\$277,486,119 on January 1, 2021, and decreased the depreciation expenses by

NT\$67,818,990 for 2021.

- (4) On March 15, 2021, the accountants have issued an audit review where no major unreasonable matter was found.

II. Ratifications

Proposal 1: (Proposed by the Board of Directors)

Subject: Please ratify 2020 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 Jui-No Chang and I-Lung Chou from Deloitte Touche Tohmatsu Limited with an unqualified audit report. Please refer to this Meeting Handbook [Attachment IV] (Page 14-33).
 - (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 7-9).
 - (3) These reports are hereby submitted for ratification.

Resolution:

Proposal 2: (Proposed by the Board of Directors)

Subject: Please ratify the proposal for 2020 earnings distribution

- Note:
- (1) The net profit after tax for the year was NT\$31,569,727. 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\$3,197,174 and the special surplus reserve of NT\$3,936 was NT\$205,643,607.
 - (2) NT\$22,893,000 was allocated as a cash dividend for shareholders this year, and NT\$0.5 per share was allotted. Please refer to this Meeting Handbook [Attachment V] (page 34) 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) The proposal is hereby submitted for ratification.

Resolution:

III. Discussions

Proposal 1: (Proposed by the Board of Directors)

Subject: Please proceed with the discussion on the proposal for amending 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 the name of these Measures to “Rules for Election of Directors” and delete provisions concerning supervisors and amend certain provisions.
 - (2) Please refer to this Meeting Handbook [Attachment VI] (page 35-41) for the comparison table of provisions before and after amendments.
 - (3) The proposal is hereby submitted for discussion.

Resolution:

Proposal 2: (Proposed by the Board of Directors)

Subject: Please proceed with the discussion on the Amendment to the "Rules of Procedure for Shareholders Meetings".

- Note:
- (1) Certain provisions of the “Rules of Procedure for Shareholders Meetings” are proposed to be amended in accordance with the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” issued by the Financial Supervisory Commission on June 3, 2020, and January 28, 2021, respectively.
 - (2) Please refer to this Meeting Handbook [Attachment VII] (page 42-46) for the comparison table of provisions before and after amendments.
 - (3) The proposal is hereby submitted for discussion.

Resolution:

IV. Extraordinary Motions

V. Adjournment

KURA SUSHI ASIA CO., LTD.**2020 Business Report**

In 2020, the COVID-19 pandemic raged and severely damaged Taiwan's overall social economy. The catering industry faced a sluggish economy, and the Company's operating performance in the first and second quarters of 2020 was also deeply affected by the COVID-19 pandemic. Under such a severe operating environment, the Company adheres to its business philosophy, insisting on providing consumers with delicious, safe, and secure products and pleasant dining experience, continues to improve customer satisfaction, strives to stabilize store operations, implements store program pragmatically and steadily, and expands its business territory.

Although the operating environment has become increasingly difficult due to the interference of the COVID-19 pandemic, the Company still actively opens new stores, with 11 new stores opened in 2020, which is the year with the largest number of new stores opening over the years. As of the end of 2020, the total number of stores has grown from 22 to 33, and the scale of the business has expanded significantly. The results of store development in 2020 are shown in the table below.

Results of Store Development in 2020

Store No.	Store name	Open date
Store 23	Sanchong Jieyun Road Store	Feb. 2020
Store 24	Kaohsiung Caoyadao Store	Feb. 2020
Store 25	Zhubei Wenxing Store	Jun. 2020
Store 26	Yilan Lunaplaza Store	Jul. 2020
Store 27	Xinzhuang Honghui Store	Jul. 2020
Store 28	Xinyi ATT Store	Aug. 2020
Store 29	Tainan FOCUS Store	Aug. 2020
Store 30	Dazhi ATT Store	Oct. 2020
Store 31	Taoyuan Cingpu Store	Nov. 2020
Store 32	Fengyuan Pacific Store	Nov. 2020
Store 33	Zhongshan Nanxi Store	Dec. 2020
A total of 11 stores		

With the increase in the total number of stores, the Company's consolidated operating revenue for the year 2020 was NT\$2,414,639 thousand, an increase of 25% over the previous year. However, affected by factors such as the spread of the COVID-19 pandemic that reduced consumers' willingness to eat out, resulting in a decrease in the number of visitors, fierce competition in the same industry, the increase in the number of stores, and the reduction of profit margins (6 stores in 2019 and 11 stores in 2020) and other factors, the consolidated operating profit was NT\$50,738 thousand, a decrease of 56% from the previous year, and the consolidated net profit after tax was NT\$31,570 thousand, a decrease of 64% from the previous year, both showing a sharp downward trend. From the perspective of the operating performance of each quarter, affected by the spread of the COVID-19 pandemic, the operating results of the first and second quarters fell sharply. However, benefited from the appropriate control of the COVID-19 pandemic in Taiwan in the second half of the second quarter, consumer confidence was boosted, and visitors' number gradually rebounded. The overall operating conditions in the second half of the year showed a recovery trend.

[Consolidated Statements of Comprehensive Income]

Unit: NTD `000

Item	2019	%	2020	%	Increase/Decrease for the Previous Year (%)
Sales Revenue	1,926,252	100	2,414,639	100	25
Operating costs	1,122,910	58	1,457,497	60	30
Gross Profit	803,342	42	957,142	40	19
Operating Expenses	686,860	36	906,404	38	32
Operating Profit	116,482	6	50,738	2	(56)
Profit before income tax	110,984	6	39,470	2	(64)
Net Profit	88,716	5	31,570	1	(64)

[2020 Quarterly Consolidated Statements of Comprehensive Income]

Unit: NTD `000

Item	Q1	Q2	Q3	Q4
Sales Revenue	511,771	498,668	689,243	714,957
Operating costs	316,923	309,319	408,470	422,785
Gross Profit	194,848	189,349	280,773	292,172
Operating Expenses	200,713	198,143	247,818	259,730
Operating Profit	(5,865)	(8,794)	32,955	32,442
Profit before income tax	(9,573)	(9,489)	29,347	29,185
Net Profit	(8,925)	(6,325)	23,477	23,343

Looking back at 2020, the Company was officially listed with the approval of the Taipei Exchange, fulfilling one of the goals set at the beginning of its visit to Taiwan, so as to raise funds through the issuance of new shares, enrich the funds needed for future business development, and also stabilize the Company's overall financial system.

Looking forward to 2021, the Company will adhere to the business philosophy to improve customer satisfaction and maintain the stable operation of existing stores. While maintaining a sound company financial structure, the Company focuses on talent cultivation, organizational optimization, etc., and implements the strengthening of the operating system, commits to product development, plans effective marketing activities, and actively develops stores to further expand the business scale, and strives to maximize shareholder's equity.

Chairman and CEO: Kentaro Nishikawa

Accounting Officer: Lin-Shang Chih

KURA SUSHI ASIA CO., LTD.
Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2020 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 Jui-No Chang and I-Lung Chou from Deloitte Touche Tohmatsu Limited with an audit report. The Business Report, Financial Statements, and the proposed profit distribution 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

March 29, 2021

KURA SUSHI ASIA CO., LTD.

Code of Ethical Conduct

Comparison Table before and after Amendments

Amended Provisions	Current Provisions	Description
<p>Article I Purpose of and Basis for Adoption</p> <p>These Codes of Ethical Conduct are adopted for the purpose of encouraging the Company's directors, supervisors, and managers (including CEO or their equivalents, assistant general managers or their equivalents, senior managers or their equivalents, chief financial officers, chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.</p>	<p>Article I Purpose of and Basis for Adoption</p> <p>These Codes of Ethical Conduct are adopted for the purpose of encouraging the Company's directors, supervisors, and managers (including CEO or their equivalents, assistant general managers or their equivalents, senior managers or their equivalents, chief financial officers, chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.</p>	Provisions concerning supervisors are deleted.
<p>Article II Prevention of Conflicts of Interest</p> <p>When a director, supervisor, or manager of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship.</p> <p>The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or manager works. The Company shall offer appropriate means for directors, supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the Company.</p>	<p>Article II Prevention of Conflicts of Interest</p> <p>When a director, supervisor, or manager of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship.</p> <p>The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or manager works. The Company shall offer appropriate means for directors, supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the Company.</p>	<p>(1) Provisions concerning supervisors are deleted.</p> <p>(2) Considering that parents and children are relatives within the second degree of kinship, the text is simplified accordingly.</p>

Amended Provisions	Current Provisions	Description
<p>Article III Minimizing Incentives to Pursue Personal Gain The Company shall prevent its directors or managers from engaging in any of the following activities:</p> <p>(1) Seeking an opportunity to pursue personal gain by using the Company's property or information, or taking advantage of their positions.</p> <p>(2) Obtaining personal gain by using the Company's property or information, or taking advantage of their positions.</p> <p>(3) Competing against the Company. When the Company has an opportunity for profit, it is the responsibility of the Directors, Supervisors, or Managers to maximize the reasonable and proper benefits that can be obtained by the Company.</p>	<p>Article III Minimizing Incentives to Pursue Personal Gain The Company shall prevent its directors or managers from engaging in any of the following activities:</p> <p>(1) Seeking an opportunity to pursue personal gain by using the Company's property or information, or taking advantage of their positions.</p> <p>(2) Obtaining personal gain by using the Company's property or information, or taking advantage of their positions.</p> <p>(3) Competing against the Company. When the Company has an opportunity for profit, it is the responsibility of the Directors, Supervisors, or Managers to maximize the reasonable and proper benefits that can be obtained by the Company.</p>	<p>Provisions concerning supervisors are deleted.</p>
<p>Article IV Confidentiality The directors, supervisors, and managers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. <Contents below are omitted></p>	<p>Article IV Confidentiality The directors, supervisors, and managers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. <Contents below are omitted></p>	<p>Provisions concerning supervisors are deleted.</p>
<p>Article V Fair trade Directors, supervisors, and managers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p>	<p>Article V Fair trade Directors, supervisors, and managers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p>	<p>Provisions concerning supervisors are deleted.</p>
<p>Article VI Safeguard and Proper Use of the Company's Properties All directors, supervisors, and managers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.</p>	<p>Article VI Safeguard and Proper Use of the Company's Properties All directors, supervisors, and managers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.</p>	<p>Provisions concerning supervisors are deleted.</p>

Amended Provisions	Current Provisions	Description
<p>Article VIII Encouraging Reporting on Illegal or Unethical Activities The Company shall strengthen the ethical concepts of and encourage employees to report any suspicions or discoveries of violations of law or the "Code of Ethics," and report same to the supervisors, managers, internal audit supervisor, or other appropriate personnel. In order to encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system and make employees aware that the Company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>Article VIII Encouraging Reporting on Illegal or Unethical Activities The Company shall strengthen the ethical concepts of and encourage employees to report any suspicions or discoveries of violations of law or the "Code of Ethics," and report same to the supervisors, managers, internal audit supervisor, or other appropriate personnel. In order to encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system and make employees aware that the Company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>Provisions concerning supervisors are deleted.</p>
<p>Article IX Disciplinary Measures When a director, supervisor, or manager violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies. The Company shall also establish a relevant complaint system to provide the person who violates the Code of Ethical Conduct with remedies.</p>	<p>Article IX Disciplinary Measures When a director, supervisor, or manager violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies. The Company shall also establish a relevant complaint system to provide the person who violates the Code of Ethical Conduct with remedies.</p>	<p>Provisions concerning supervisors are deleted.</p>

Amended Provisions	Current Provisions	Description
<p>Article X Procedure for Exemption Any exemption for directors,supervisors, or managers from compliance with the Code of Ethical Conduct shall be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections, or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption shall be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the Code of Ethical Conduct, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p>	<p>Article X Procedure for Exemption Any exemption for directors, supervisors, or managers from compliance with the Code of Ethical Conduct shall be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections, or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption shall be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the Code of Ethical Conduct, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p>	<p>Provisions concerning supervisors are deleted.</p>
<p>Article XI Method of Disclosure <u>The Company</u> shall disclose the Code of Ethical Conduct it has adopted and any amendments thereto on its company website, in its annual reports and prospectuses, and on MOPS.</p>	<p>Article XI Method of Disclosure A TWSE or TPEX listed company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses, and on the MOPS.</p>	<p>Amend the texts as appropriate.</p>
<p>Article XII Enforcement The Company's Code of Ethical Conduct shall take effect after having been submitted to and approved by the Board of Directors, delivered to each supervisor, and submitted to the shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. <u>Article XIII History</u> <u>These Rules were formulated on March 22, 2019.</u> <u>The first amendment was made on March 24, 2021.</u></p>	<p>Article XII Enforcement The Company's Code of Ethical Conduct shall take effect after having been submitted to and approved by the Board of Directors, delivered to each supervisor, and submitted to the shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. These Rules were implemented after the Board of Directors passed on March 22, 2019, and were sent to the supervisors and reported to the shareholders meeting.</p>	<p>Add revision record.</p>

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Kura Sushi Asia Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its 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 generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the 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 Company's financial statements as of and for the year ended December 31, 2020 are as follows:

Completeness and Accuracy of Revenue Recognition

The Company is engaged in the restaurant business. Its revenue, which is generated by individual consumers at each restaurant, is comprised of a large number of transactions, each of which with a small amount. The POS system collects and summarizes daily operating income information. The Company operates 33 restaurants at the end of 2020, 16 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 restaurants of the abovementioned type was NT\$1,268,940 thousand. Since there are many restaurants of the abovementioned type and its revenue recognition relies on manual controls to verify vouchers and relevant statements, we identified the completeness and accuracy of revenue recognition related to restaurants of the abovementioned type as a key audit matter.

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

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

1. Obtained an understanding of the controls and its effectiveness related to the general IT environment surround the POS system and the ERP system.
2. Perform detail testing of the transactions by selecting samples from the restaurant operating income report generated from the headquarter POS system. For each sample, we verified the accounting department 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 sample test 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability 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 the Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020, 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 Jui-Na, Chang and Yi-Lung Chou.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2021

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, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 634,210	20	\$ 297,456	17
1170	Accounts receivable from unrelated parties (Notes 4 and 7)	81,887	3	46,791	3
1200	Other receivables (Notes 4 and 26)	2,036	-	1,396	-
130X	Inventories (Notes 4 and 8)	17,557	1	8,464	-
1410	Prepayments (Note 26)	18,140	1	15,625	1
1470	Other current assets (Note 13)	<u>5,642</u>	<u>-</u>	<u>5,321</u>	<u>-</u>
11XX	Total current assets	<u>759,472</u>	<u>25</u>	<u>375,053</u>	<u>21</u>
	Non-current assets				
1600	Property, plant, and equipment (Notes 4, 10, 23, and 26)	954,840	31	646,500	37
1755	Right-of-use assets (Notes 4, 5, and 11)	1,300,276	42	681,725	38
1780	Intangible assets (Notes 4, 12, and 23)	3,250	-	905	-
1840	Deferred tax assets (Notes 4 and 20)	5,504	-	4,003	-
1915	Prepayments for construction and equipment (Notes 23 and 27)	40,137	1	48,158	3
1920	Refundable deposits	<u>36,368</u>	<u>1</u>	<u>19,282</u>	<u>1</u>
15XX	Total non-current assets	<u>2,340,375</u>	<u>75</u>	<u>1,400,573</u>	<u>79</u>
1XXX	Total assets	<u>\$ 3,099,847</u>	<u>100</u>	<u>\$ 1,775,626</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4, 14, and 23)	\$ -	-	\$ 10,541	1
2170	Accounts payable	113,393	4	70,814	4
2280	Lease liabilities - current (Notes 4, 11, and 23)	158,678	5	115,578	6
2219	Other payables (Notes 10, 15, 23, and 26)	232,815	7	142,992	8
2230	Current tax liabilities (Notes 4 and 20)	9,363	-	12,884	1
2300	Other current liabilities (Note 15)	<u>2,404</u>	<u>-</u>	<u>1,913</u>	<u>-</u>
21XX	Total current liabilities	<u>516,653</u>	<u>16</u>	<u>354,722</u>	<u>20</u>
	Non-current liabilities				
2580	Lease liabilities - non-current (Notes 4, 11, and 23)	1,134,879	37	568,297	32
2550	Provisions - non-current (Notes 4 and 16)	54,149	2	31,876	2
2570	Deferred income tax liabilities (Notes 4 and 20)	646	-	510	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	1,902	-	1,589	-
2650	Credit balance of investments accounted for using the equity method (Notes 4 and 9)	76	-	-	-
2670	Other payables - non-current (Notes 10, 15, and 23)	<u>129,830</u>	<u>4</u>	<u>82,628</u>	<u>5</u>
25XX	Total non-current liabilities	<u>1,321,482</u>	<u>43</u>	<u>684,900</u>	<u>39</u>
2XXX	Total liabilities	<u>1,838,135</u>	<u>59</u>	<u>1,039,622</u>	<u>59</u>
	Equity (Note 18)				
	Share capital				
3110	Common stock	449,800	14	378,730	21
3140	Capital received in advance	<u>1,870</u>	<u>-</u>	<u>-</u>	<u>-</u>
3100	Total share capital	<u>451,670</u>	<u>14</u>	<u>378,730</u>	<u>21</u>
3200	Capital surplus	<u>579,387</u>	<u>19</u>	<u>139,650</u>	<u>8</u>
	Retained earnings				
3310	Legal reserve	21,815	1	12,943	1
3350	Unappropriated earnings	<u>208,844</u>	<u>7</u>	<u>204,681</u>	<u>11</u>
3300	Total retained earnings	<u>230,659</u>	<u>8</u>	<u>217,624</u>	<u>12</u>
3400	Other equity	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>
3XXX	Total equity	<u>1,261,712</u>	<u>41</u>	<u>736,004</u>	<u>41</u>
	Total liabilities and equity	<u>\$ 3,099,847</u>	<u>100</u>	<u>\$ 1,775,626</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:
Lin-Shang Chih

Kura Sushi Asia Co., Ltd.

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2020 and 2019

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

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 4)	\$ 2,414,639	100	\$ 1,926,252	100
5000	Operating costs (Notes 4, 8, and 26)	<u>1,457,497</u>	<u>60</u>	<u>1,122,910</u>	<u>58</u>
5900	Gross profit	<u>957,142</u>	<u>40</u>	<u>803,342</u>	<u>42</u>
	Operating expenses (Notes 19 and 26)				
6100	Selling expenses	733,587	30	547,952	29
6200	General and administrative expenses	172,110	7	138,024	7
6300	Research and development expenses	669	-	901	-
6450	Expected gain on reversal of credit losses	(13)	-	(17)	-
6000	Total operating expenses	<u>906,353</u>	<u>37</u>	<u>686,860</u>	<u>36</u>
6900	Net operating income	<u>50,789</u>	<u>3</u>	<u>116,482</u>	<u>6</u>
	Non-operating income and expenses (Note 19)				
7100	Interest income	435	-	354	-
7010	Other income (Note 26)	1,628	-	1,046	-
7020	Other gains and losses	1,508	-	2,378	-
7050	Finance costs	(14,818)	(1)	(9,276)	-
7070	Share of loss of subsidiaries, associates, and joint ventures accounted for using equity method (Note 9)	(72)	-	-	-
7000	Total non-operating income and expenses	<u>(11,319)</u>	<u>(1)</u>	<u>(5,498)</u>	<u>-</u>
7900	Net income before tax	39,470	2	110,984	6
7950	Tax expenses (Notes 4 and 20)	<u>7,900</u>	<u>1</u>	<u>22,268</u>	<u>1</u>
8200	Net income for the year	<u>31,570</u>	<u>1</u>	<u>88,716</u>	<u>5</u>

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Code		2020		2019	
		Amount	%	Amount	%
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	\$ 503	-	(\$ 649)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	(101)	-	130	-
8310		<u>402</u>	<u>-</u>	<u>(519)</u>	<u>-</u>
8360	Items that will be reclassified to profit or loss	(4)	-	-	-
8361	Financial statements translation differences of foreign operations	398	-	(519)	-
8500	Total comprehensive income for the year	<u>\$ 31,968</u>	<u>1</u>	<u>\$ 88,197</u>	<u>5</u>
8610	Net income attributable to: Owners of the Company	<u>\$ 31,570</u>	<u>1</u>	<u>\$ 88,716</u>	<u>5</u>
8710	Comprehensive income attributable to: Owners of the Company	<u>\$ 31,968</u>	<u>1</u>	<u>\$ 88,197</u>	<u>5</u>
9750	Earnings per share (Note 21) Basic	<u>\$ 0.79</u>		<u>\$ 2.47</u>	
9850	Diluted	<u>\$ 0.76</u>		<u>\$ 2.33</u>	

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

Chairman:
Kentaro Nishikawa

CEO:
Kentaro Nishikawa

Accounting Officer:
Lin-Shang Chih

Kura Sushi Asia Co., Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2020 and 2019

(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	Unappropriated earnings	Total		Financial statements translation differences of foreign operations
A1	Balance at January 1, 2019	31,500	\$ 315,000	\$ -	\$ -	\$ 2,225	\$ 127,202	\$ 129,427	\$ -	\$ 444,427
	Appropriation and distribution of earnings for 2018:									
B1	Legal reserve appropriated	-	-	-	-	10,718	(10,718)	-	-	-
N1	Issuance of employees stock option	-	-	-	3,724	-	-	-	-	3,724
D1	Net income in 2019	-	-	-	-	-	88,716	88,716	-	88,716
D3	Other comprehensive income after tax in 2019	-	-	-	-	-	(519)	(519)	-	(519)
D5	Total comprehensive income in 2019	-	-	-	-	-	88,197	88,197	-	88,197
E1	Cash capital increase	6,373	63,730	-	135,926	-	-	-	-	199,656
Z1	Balance at December 31, 2019	37,873	378,730	-	139,650	12,943	204,681	217,624	-	736,004
	Appropriation and distribution of earnings for 2019									
B1	Legal reserve appropriated	-	-	-	-	8,872	(8,872)	-	-	-
B5	Cash dividends distributed to the Company's shareholders	-	-	-	-	-	(18,937)	(18,937)	-	(18,937)
N1	Issuance of employees stock option	-	-	-	6,021	-	-	-	-	6,021
N1	Issuance of common stock under employee stock options	-	-	1,870	-	-	-	-	-	1,870
D1	Net income in 2020	-	-	-	-	-	31,570	31,570	-	31,570
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	402	402	(4)	398
D5	Total comprehensive income in 2020	-	-	-	-	-	31,972	31,972	(4)	31,968
E1	Cash capital increase	7,107	71,070	-	433,716	-	-	-	-	504,786
Z1	Balance at December 31, 2020	44,980	\$ 449,800	\$ 1,870	\$ 579,387	\$ 21,815	\$ 208,844	\$ 230,659	(\$ 4)	\$ 1,261,712

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

Chairman:
Kentaro Nishikawa

CEO:
Kentaro Nishikawa

Accounting Officer:
Lin-Shang Chih

Kura Sushi Asia Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

C o d e		2020	2019
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 39,470	\$ 110,984
A20010	Adjustments for:		
A20100	Depreciation expenses	345,890	250,649
A20200	Amortization expenses	1,071	522
A20300	Expected gain on reversal of credit losses	(13)	(17)
A21900	Compensation costs of employee stock options	6,021	3,724
A20900	Finance costs	14,818	9,276
A21200	Interest income	(435)	(354)
A23700	Write-downs of inventories (gains from price recovery)	(74)	129
A22400	Share of loss of subsidiaries, associates, and joint ventures accounted for using equity method	72	-
A22500	Net losses on disposal of property, plant, and equipment	46	-
A24100	Net gains on foreign currency exchange	(2,735)	(2,544)
A29900	Recognition of pension costs	816	60
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(35,083)	4,573
A31180	Other receivables	(496)	(1,261)
A31200	Inventories	(9,019)	(660)
A31230	Prepayments	(2,515)	(8,922)
A31240	Other current assets	(321)	(4,075)
A32150	Accounts payable	42,579	16,498
A32180	Other payables	40,799	21,179
A32230	Other current liabilities	491	729
A33000	Cash generated from operations	441,382	400,490
A33100	Interest received	291	344
A33300	Interest paid	(14,898)	(9,355)
A33500	Income tax paid	(12,887)	(26,294)
AAAA	Net cash flows from operating activities	413,888	365,185

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Code		2020	2019
	Cash flows from investing activities		
B02700	Acquisition of property, plant, and equipment	(\$ 396,648)	(\$ 282,730)
B04500	Acquisition of intangible assets	(3,416)	(333)
B03700	Increase in refundable deposits	(<u>17,086</u>)	(<u>2,963</u>)
BBBB	Cash used in investing activities	(<u>417,150</u>)	(<u>286,026</u>)
	Cash flows from financing activities		
C00100	Decrease in short-term loans	(10,541)	(10,541)
C04020	Repayments of lease liabilities	(137,162)	(92,323)
C04500	Cash dividends distributed	(18,937)	
C04600	Proceeds from issuance of ordinary shares	<u>506,656</u>	<u>199,656</u>
CCCC	Net cash generated from financing activities	<u>340,016</u>	<u>96,792</u>
EEEE	Net increase in cash and cash equivalents	336,754	175,951
E00100	Cash and cash equivalents at beginning of year	<u>297,456</u>	<u>121,505</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 634,210</u>	<u>\$ 297,456</u>

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

Chairman:
Kentaro Nishikawa

CEO:
Kentaro Nishikawa

Accounting Officer
Lin-Shang Chih

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, 2020 and 2019, 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, 2020 and 2019, 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 generally accepted in 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 the Group 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 for the year ended December 31, 2020. 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 Group's consolidated financial statements as of and for the year ended December 31, 2020 are as follows:

Completeness and Accuracy of Revenue Recognition

The Company is engaged in the restaurant business. Its revenue, which is generated by individual consumers at each restaurant, is comprised of a large number of transactions, each of which with a small amount. The POS system collects and summarizes daily operating income information. The Company operates 33 restaurants at the end of 2020, 16 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 restaurants of the abovementioned type was NT\$ 1,268,940 thousand. Since there are many restaurants of the abovementioned type and its revenue recognition relies on manual controls to verify vouchers and relevant statements, we identified the completeness and accuracy of revenue recognition related to restaurants of the abovementioned type 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 procedure that we performed for the above key audit matter included the following:

1. Obtain an understanding of the controls and its effectiveness related to the general IT environment surrounding the POS system and the ERP system.
2. Perform detail testing of the transactions by selecting samples from the restaurant operating income report generated from the headquarter POS system. For each sample, we verified the accounting department obtained external statements and performed reconciliation procedures. Also examine and ensure that the reconciliation records and summarized in the daily business report and whether the reconciliation discrepancies were investigated in accordance with the established threshold.
3. Perform sample test 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 Matter

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, 2020 and 2019, on which we have issued an unmodified 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 responsible for assessing the Group's ability 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 the Group 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 Group's financial reporting process.

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 generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they 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 generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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.

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, 2020, 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 Jui-Na Chang and Yi-Lung Chou.

Deloitte & Touche Taipei, Taiwan Republic of China

March 29, 2021

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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, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 634,573	20	\$ 297,456	17
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1410	Prepayments (Note 26)	18,140	1	15,625	1
1470	Other current assets (Note 13)	5,214	-	5,321	-
11XX	Total current assets	<u>759,407</u>	<u>25</u>	<u>375,053</u>	<u>21</u>
	Non-current assets				
1600	Property, plant, and equipment (Notes 4, 10, 23, and 26)	954,840	31	646,500	37
1755	Right-of-use asset (Notes 4, 5, and 11)	1,300,276	42	681,725	38
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1840	Deferred tax assets (Notes 4 and 20)	5,504	-	4,003	-
1915	Prepayments for construction and equipment (Notes 23 and 27)	40,137	1	48,158	3
1920	Refundable deposits	36,368	1	19,282	1
15XX	Total non-current assets	<u>2,340,375</u>	<u>75</u>	<u>1,400,573</u>	<u>79</u>
1XXX	Total assets	<u>\$ 3,099,782</u>	<u>100</u>	<u>\$ 1,775,626</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4, 14, and 23)	\$ -	-	\$ 10,541	1
2170	Accounts payable	113,393	4	70,814	4
2280	Lease liabilities - current (Notes 4, 11, and 23)	158,678	5	115,578	6
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	Non-current liabilities				
2580	Lease liabilities - non-current (Notes 4, 11, and 23)	1,134,879	37	568,297	32
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2570	Deferred income tax liabilities (Notes 4 and 20)	646	-	510	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	1,902	-	1,589	-
2670	Other payables - non-current (Notes 10, 15, and 23)	129,830	4	82,628	5
25XX	Total non-current liabilities	<u>1,321,406</u>	<u>43</u>	<u>684,900</u>	<u>39</u>
2XXX	Total liabilities	<u>1,838,070</u>	<u>59</u>	<u>1,039,622</u>	<u>59</u>
	Equity (Note 18)				
	Share capital				
3110	Common stock	449,800	14	378,730	21
3140	Capital received in advance	1,870	-	-	-
3100	Total share capital	<u>451,670</u>	<u>14</u>	<u>378,730</u>	<u>21</u>
3200	Capital surplus	579,387	19	139,650	8
	Retained earnings				
3310	Legal reserve	21,815	1	12,943	1
3350	Unappropriated earnings	208,844	7	204,681	11
3300	Total retained earnings	<u>230,659</u>	<u>8</u>	<u>217,624</u>	<u>12</u>
3400	Other equity	(4)	-	-	-
3XXX	Total equity	<u>1,261,712</u>	<u>41</u>	<u>736,004</u>	<u>41</u>
	Total liabilities and equity	<u>\$ 3,099,782</u>	<u>100</u>	<u>\$ 1,775,626</u>	<u>100</u>

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

Chairman:
Kentaro NishikawaCEO:
Kentaro NishikawaAccounting Officer:
Lin-Shang Chih

Kura Sushi Asia Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 4)	\$ 2,414,639	100	\$ 1,926,252	100
5000	Operating costs (Notes 4, 8, and 26)	<u>1,457,497</u>	<u>60</u>	<u>1,122,910</u>	<u>58</u>
5900	Gross profit	<u>957,142</u>	<u>40</u>	<u>803,342</u>	<u>42</u>
	Operating expenses (Notes 19 and 26)				
6100	Selling expenses	733,587	30	547,952	29
6200	General and administrative expenses	172,161	7	138,024	7
6300	Research and development expenses	669	-	901	-
6450	Expected gain on reversal of credit losses	(<u>13</u>)	<u>-</u>	(<u>17</u>)	<u>-</u>
6000	Total operating expenses	<u>906,404</u>	<u>37</u>	<u>686,860</u>	<u>36</u>
6900	Net operating income	<u>50,738</u>	<u>3</u>	<u>116,482</u>	<u>6</u>
	Non-operating income and expenses (Note 19)				
7100	Interest income	435	-	354	-
7010	Other income (Note 26)	1,628	-	1,046	-
7020	Other gains and losses	1,487	-	2,378	-
7050	Finance costs	(<u>14,818</u>)	(<u>1</u>)	(<u>9,276</u>)	<u>-</u>
7000	Total non-operating income and expenses	(<u>11,268</u>)	(<u>1</u>)	(<u>5,498</u>)	<u>-</u>
7900	Net income before tax	39,470	2	110,984	6
7950	Tax expenses (Notes 4 and 20)	<u>7,900</u>	<u>1</u>	<u>22,268</u>	<u>1</u>
8200	Net income for the year	<u>31,570</u>	<u>1</u>	<u>88,716</u>	<u>5</u>

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Code		2020		2019	
		Amount	%	Amount	%
	Other comprehensive income Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	\$ 503	-	(\$ 649)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	(101)	-	130	-
8310		<u>402</u>	<u>-</u>	<u>(519)</u>	<u>-</u>
8360	Items that will be reclassified to profit or loss				
8361	Financial statements translation differences of foreign operations	(4)	-	-	-
8300	Other comprehensive income for the year (net income after tax)	<u>398</u>	<u>-</u>	<u>(519)</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 31,968</u>	<u>1</u>	<u>\$ 88,197</u>	<u>5</u>
	Net income attributable to:				
8610	Owners of the Company	<u>\$ 31,570</u>	<u>1</u>	<u>\$ 88,716</u>	<u>5</u>
	Comprehensive income attributable to:				
8710	Owners of the Company	<u>\$ 31,968</u>	<u>1</u>	<u>\$ 88,197</u>	<u>5</u>
	Earnings per share (Note 21)				
9750	Basic	<u>\$ 0.79</u>		<u>\$ 2.47</u>	
9850	Diluted	<u>\$ 0.76</u>		<u>\$ 2.33</u>	

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Accounting Officer:
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Kura Sushi Asia Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2020 and 2019

(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	Unappropriated earnings	Total		Financial statements translation differences of foreign operations
A1	Balance at January 1, 2019	31,500	\$ 315,000	\$ -	\$ -	\$ 2,225	\$ 127,202	\$ 129,427	\$ -	\$ 444,427
	Appropriation and distribution of earnings for 2018:									
B1	Legal reserve appropriated	-	-	-	-	10,718	(10,718)	-	-	-
N1	Issuance of employees stock option	-	-	-	3,724	-	-	-	-	3,724
D1	Net income in 2019	-	-	-	-	-	88,716	88,716	-	88,716
D3	Other comprehensive income after tax in 2019	-	-	-	-	-	(519)	(519)	-	(519)
D5	Total comprehensive income in 2019	-	-	-	-	-	88,197	88,197	-	88,197
E1	Cash capital increase	6,373	63,730	-	135,926	-	-	-	-	199,656
Z1	Balance at December 31, 2019	37,873	378,730	-	139,650	12,943	204,681	217,624	-	736,004
	Appropriation and distribution of earnings for 2019:									
B1	Legal reserve appropriated	-	-	-	-	8,872	(8,872)	-	-	-
B5	Cash dividends distributed to the Company's shareholders	-	-	-	-	-	(18,937)	(18,937)	-	(18,937)
N1	Issuance of employees stock option	-	-	-	6,021	-	-	-	-	6,021
N1	Issuance of common stock under employee stock options	-	-	1,870	-	-	-	-	-	1,870
D1	Net income in 2020	-	-	-	-	-	31,570	31,570	-	31,570
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	402	402	(4)	398
D5	Total comprehensive income in 2020	-	-	-	-	-	31,972	31,972	(4)	31,968
E1	Cash capital increase	7,107	71,070	-	433,716	-	-	-	-	504,786
Z1	Balance at December 31, 2020	44,980	\$ 449,800	\$ 1,870	\$ 579,387	\$ 21,815	\$ 208,844	\$ 230,659	(\$ 4)	\$ 1,261,712

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

Chairman:
Kentaro Nishikawa

CEO:
Kentaro Nishikawa

Accounting Officer:
Lin-Shang Chih

Kura Sushi Asia Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 39,470	\$ 110,984
A20010	Adjustments for:		
A20100	Depreciation expenses	345,890	250,649
A20200	Amortization expenses	1,071	522
A20300	Expected gain on reversal of credit losses	(13)	(17)
A21900	Compensation costs of employee stock options	6,021	3,724
A20900	Finance costs	14,818	9,276
A21200	Interest income	(435)	(354)
A23700	Write-downs of inventories (gains on price recovery)	(74)	129
A22500	Net losses on disposal of property, plant, and equipment	46	-
A24100	Net gains on foreign currency exchange	(2,735)	(2,544)
A29900	Recognition of pension costs	816	60
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(35,083)	4,573
A31180	Other receivables	(496)	(1,261)
A31200	Inventories	(9,019)	(660)
A31230	Prepayments	(2,515)	(8,922)
A31240	Other current assets	107	(4,075)
A32150	Accounts payable	42,579	16,498
A32180	Other payables	40,799	21,179
A32230	Other current liabilities	<u>502</u>	<u>729</u>
A33000	Cash generated from operations	441,749	400,490
A33100	Interest received	291	344
A33300	Interest paid	(14,898)	(9,355)
A33500	Income tax paid	(<u>12,887</u>)	(<u>26,294</u>)
AAAA	Net cash flows from operating activities	<u>414,255</u>	<u>365,185</u>

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Code		2020	2019
	Cash flows from investing activities		
B02700	Acquisition of property, plant, and equipment	(\$ 396,648)	(\$ 282,730)
B04500	Acquisition of intangible assets	(3,416)	(333)
B03700	Increase in refundable deposits	(17,086)	(2,963)
BBBB	Cash used in investing activities	(417,150)	(286,026)
	Cash flows from financing activities		
C00100	Decrease in short-term loans	(10,541)	(10,541)
C04020	Repayments of lease liabilities	(137,162)	(92,323)
C04500	Cash dividends distributed	(18,937)	-
C04600	Proceeds from issuance of ordinary shares	<u>506,656</u>	<u>199,656</u>
CCCC	Net cash generated from financing activities	<u>340,016</u>	<u>96,792</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	(4)	-
EEEE	Net increase in cash and cash equivalents	337,117	175,951
E00100	Cash and cash equivalents at beginning of year	<u>297,456</u>	<u>121,505</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 634,573</u>	<u>\$ 297,456</u>

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

Chairman:
Kentaro Nishikawa

CEO:
Kentaro Nishikawa

Accounting Officer:
Lin-Shang Chih

KURA SUSHI ASIA CO., LTD.

Earnings Distribution Table

2020

Unit: NT\$

Item	Amount
Beginning balance of retained earnings	\$ 176,872,973
Plus: Remeasurements of defined benefit plans recognized in retained earnings	402,017
Adjusted undistributed retained earnings	177,274,990
Add: Net profit after tax for the current year	31,569,727
Less: Legal reserve appropriated	(3,197,174)
Special reserve legally appropriated	(3,936)
Earnings available for distribution	<u>\$ 205,643,607</u>
Distribution items	
Cash dividends of common stock (NT\$0.5/share) (Note)	(22,893,000)
Unappropriated earnings at the end of the period	<u>\$ 182,750,607</u>

Note:

1. The dividend rate is calculated based on the 45,786,000 shares issued and tradable as of February 28, 2021. 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: Lin-
Shang Chih

KURA SUSHI ASIA CO., LTD.

Rules for Election of Directors and Supervisors

(After Amendments: Rules for Election of Directors)

Comparison Table before and after Amendments

Amended Provisions	Current Provisions	Description
<p>1. Scope</p> <p>Except otherwise provided by laws and regulations or by the Company's Articles of Incorporation, the election of the Company's directors and supervisors shall be conducted in accordance with these Rules for Election of Directors and Supervisors.</p>	<p>1. Scope</p> <p>Except otherwise provided by laws and regulations or by the Company's Articles of Incorporation, the election of the Company's directors and supervisors shall be conducted in accordance with these Rules for Election of Directors and Supervisors.</p>	<p>In order to fit with the Company's establishment of an audit committee to replace the supervisors, the relevant regulations concerning supervisors have been deleted.</p>
<p>2. Qualifications of directors</p> <p>2.1 The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors and supervisors. 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:</p> <p>2.1.1 Basic qualification and value: gender, age, nationality, and culture.</p> <p>2.1.2 Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</p>	<p>2. Qualifications of directors</p> <p>2.1 The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors and supervisors. 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:</p> <p>2.1.1 Basic qualification and value: gender, age, nationality, and culture.</p> <p>2.1.2 Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</p>	<p>In order to fit with the Company's establishment of an audit committee to replace the supervisors, the relevant regulations concerning supervisors have been deleted.</p>
<p>(This article is deleted)</p>	<p>3. Qualifications and election of supervisors</p> <p>3.1 Appointments of supervisors shall be made with reference to the provisions on independence contained in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", in order to select appropriate supervisors to help</p>	<p>In order to fit with the Company's establishment of an audit committee to replace the supervisors, the relevant regulations concerning supervisors have been deleted.</p>

Amended Provisions	Current Provisions	Description
	<p>strengthen the corporation’s risk management and control of finance and operations. In addition, the supervisors shall also meet the following conditions:</p> <p>3.1.1 Honesty and down-to-earth. 3.1.2 Fair judgment. 3.1.3 Professional knowledge. 3.1.4 Rich experience. 3.1.5 The ability to read financial statements. 3.1.6 At least one of all supervisors of the Company must be an accounting or financial professional.</p> <p>3.2 At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.</p> <p>3.3 A supervisor may not serve concurrently as the director, manager, or any other employee of the Company, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly perform supervisory duties.</p>	
<p><u>3.</u> Qualifications and election of independent directors</p> <p><u>3.1</u> 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”.</p> <p><u>3.2</u> 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”.</p>	<p><u>4.</u> Qualifications and election of independent directors</p> <p><u>4.1</u> 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”.</p> <p><u>4.2</u> 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</p>	<p>Revision of the article number and text.</p>

Amended Provisions	Current Provisions	Description
	Principles for TWSE/TPEX Listed Companies”.	
<p>4. Rules for election of directors and Supervisors</p> <p>4.1 The directors and supervisors of the Company are set up in accordance with Article 128-1 of the Company Act. After the public offering, the directors and supervisors of the Company shall be elected by the shareholders meeting from among the persons with disposing capacity. But, after the Company is listed in the future, 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. In order to review the qualifications of director candidates, academic background, and the existence of the various items listed in Article 30 of the Company Act, the Company may not arbitrarily add requirements for documentation of other qualifications, and shall provide shareholders with the results of review for their reference, so as to elect qualified directors.</p> <p>4.2 (Omitted)</p> <p>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, relevant provisions of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, or Subparagraph 8 of the Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX, 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.</p>	<p>5. Rules for election of directors and supervisors</p> <p>5.1 The directors and supervisors of the Company are set up in accordance with Article 128-1 of the Company Act. After the public offering, the directors and supervisors of the Company shall be elected by the shareholders meeting from among the persons with disposing capacity. But, after the Company is listed in the future, 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. In order to review the qualifications of director candidates, academic background, and the existence of the various items listed in Article 30 of the Company Act, the Company may not arbitrarily add requirements for documentation of other qualifications, and shall provide shareholders with the results of review for their reference, so as to elect qualified directors.</p> <p>5.2 (Omitted)</p> <p>5.3 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, relevant provisions of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, or Subparagraph 8 of the Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX, a by-election shall be held at the next shareholders meeting to fill the vacancies.</p>	<p>(1) Adjustment of the article number</p> <p>(2) In order to fit with the Company’s establishment of an audit committee to replace the supervisors, the relevant regulations concerning supervisors have been deleted.</p> <p>(3) Paragraph 1 is amended to respond to the amendment to Article 192-1 of the Company Act to simplify the procedures for the nomination of directors.</p>

Amended Provisions	Current Provisions	Description
<p>4.4 When the number of supervisors falls below that required under the Company's Articles of Incorporation due to the dismissal of a supervisor for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. But, when supervisors 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.</p>	<p>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.</p> <p>5.4 When the number of supervisors falls below that required under the Company's Articles of Incorporation due to the dismissal of a supervisor for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. But, when supervisors 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.</p>	
<p><u>5. Methods for electing directors and supervisors</u> 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.</p>	<p>6. Methods for electing directors and supervisors 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.</p>	<p>(1) Revision of the article number and text. (2) In order to fit with the Company's establishment of an audit committee to replace the supervisors, the relevant regulations concerning supervisors have been deleted.</p>
<p><u>6. The Board of Directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors and supervisors 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.</u></p>	<p>7. The Board of Directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors and supervisors 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.</p>	<p>(1) Adjustment of the article number (2) In order to fit with the Company's establishment of an audit committee to replace the supervisors, the relevant regulations concerning supervisors have been deleted.</p>

Amended Provisions	Current Provisions	Description
<p>7. The number of directors and supervisors 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.</p>	<p>8. The number of directors and supervisors 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.</p>	<p>(1) Adjustment of the article number (2) In order to fit with the Company's establishment of an audit committee to replace the supervisors, the relevant regulations concerning supervisors have been deleted.</p>
<p>8. (Omitted)</p>	<p>9. (Omitted)</p>	<p>Article number is adjusted.</p>
<p>(This article is deleted)</p>	<p>10. In the event that the candidate is a shareholder of the Company, the voters voting for such candidate shall fill in the "candidate" column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such candidate shall fill in the "candidate" column on the ballot such candidate's name and ID number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such candidate shall fill in the "candidate" column on the ballot with the name of such government or corporate shareholder, or the name of such government or corporate shareholder together with the name of such government's or corporate shareholder's representative; when there are multiple representatives, the names of all representatives shall be listed.</p>	<p>In accordance with Order No. 1080311451 issued by 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; verification of shareholders would be by shareholder number or identity card number. The Article is no longer relevant and is deleted accordingly.</p>

Amended Provisions	Current Provisions	Description
<p><u>9.</u> A ballot shall be invalid if any of the following circumstances:</p> <p><u>9.1</u> A ballot was not prepared by <u>the members with the convening right.</u></p> <p><u>9.2</u> A blank ballot thrown into the ballot box;</p> <p><u>9.3</u> Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.</p> <p><u>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 a shareholder of the Company, such candidate's name or ID number is verified to be incorrect.</u></p> <p><u>9.5</u> Any ballot with characters other than the candidate's account name (name) or shareholder account number (ID number) and the allocated number of voting rights.</p> <p><u>9.6</u> The candidate's name written on the ballot coincides with other shareholders, but no information such as shareholder ID or ID card number has been provided for identification.</p>	<p>11. A ballot shall be invalid if any of the following circumstances:</p> <p>11.1 A ballot was not prepared by the board of directors.</p> <p>11.2 A blank ballot thrown into the ballot box;</p> <p>11.3 Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.</p> <p>11.4 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 a shareholder of the Company, such candidate's name or ID number is verified to be incorrect.</p> <p>11.5 Any ballot with characters other than the candidate's account name (name) or shareholder account number (ID number) and the allocated number of voting rights.</p> <p>11.6 The candidate's name written on the ballot coincides with other shareholders, but no information such as shareholder ID or ID card number has been provided for identification.</p>	<p>(1) Adjustment of the article number</p> <p>(2) Pursuant to regulations in Article 173 of the Company Act, shareholders may, upon approval from the competent authority, convene a meeting under special circumstances (for instance, when a notice that the Board of Directors will not convene a meeting has been received). Subparagraph 1 in this Article has therefore been amended accordingly.</p> <p>(3) All TWSE and TPEX listed companies shall adopt a candidate nomination system for the election of directors and supervisors since 2021, and shareholders shall elect the directors and supervisors from among the nominees listed in the roster of candidates. Accordingly, Subparagraphs 4 and 5 of the Article are amended and Subparagraph 6 is deleted.</p>
<p><u>10.</u> Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors and supervisors 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.</p>	<p>12. Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors and supervisors 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.</p>	<p>(1) Adjustment of the article number</p> <p>(2) In order to fit with the Company's establishment of an audit committee to replace the supervisors, the relevant regulations concerning supervisors have been deleted.</p>
<p><u>11.</u> The Board of Directors of the Company shall deliver a written notification to each of the elected directors and supervisors.</p>	<p>13. The Board of Directors of the Company shall deliver a written notification to each of the elected directors and supervisors.</p>	<p>(1) Adjustment of the article number</p> <p>(2) In order to fit with the Company's establishment of an audit committee to replace the supervisors, the relevant regulations concerning supervisors have been deleted.</p>

Amended Provisions	Current Provisions	Description
<u>12.</u> (Omitted)	14. (Omitted)	Article number is adjusted.
<p><u>13.</u> Initial formulation: Adopted by the Board of Directors (on behalf of shareholders meeting) on November 07, 2018.</p> <p><u>First amendment: Approved by the shareholders meeting on June 28, 2021.</u></p>	15. Initial formulation: Adopted by the Board of Directors (on behalf of shareholders meeting) on November 07, 2018.	<p>(1) Adjustment of the article number</p> <p>(2) Revision history.</p>

KURA SUSHI ASIA CO., LTD.
Rules of Procedures for Shareholders Meeting
Comparison Table before and after Amendments

Amended Provisions	Current Provisions	Description
<p>Article III (Omitted) Election/dismissal of Directors, changes in the Articles of Incorporation, <u>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, <u>with their essential contents specified</u>, and shall not be raised as extempore motions.</u></p> <p><u>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.</u></p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a <u>written proposal</u> for discussion at an annual shareholders meeting. Such proposals, however, are limited to one item 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,</p>	<p>Article III (Omitted) A motion relating to the election or dismissal of directors, change of the Articles of Association, dissolution, merger, or demerger of the company, or any subparagraph, Article 185, Paragraph 1 of the Company Act, or Article 26-1 and Article 43-6 of the Securities and Exchange Act must be listed in the reasons for convening a shareholders meeting and may not be listed under extempore motions.</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual shareholders meeting. Such proposals, however, are limited to one item 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. Prior to the book closure date before an annual shareholders meeting is</p>	<p>(1) Paragraphs 4 to 6 of this article are amended in accordance with amendments to Article 172, Paragraph 5 of the Company Act and Letter Jin-Shang-Zi No. 10700105410. (2) Paragraph 5 of this article is added in accordance with Letter Jin-Shang-Zi No. 10702417500. (3) The text is amended.</p>

Amended Provisions	Current Provisions	Description
<p>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. <u>Shareholders may submit proposals to urge the Company to promote public interests or fulfill its social responsibilities.</u> 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, <u>in written or electronic method</u>, 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.</p>	<p>held, this Corporation shall publicly announce that it will receive shareholder proposals, 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.</p>	
<p>Article IX 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.</p>	<p>Article IX 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.</p>	<p>Paragraph 2 is amended to enhance corporate governance and protect shareholders' rights and interests.</p>

Amended Provisions	Current Provisions	Description
<p>The chairperson shall call the meeting to order at the time scheduled for the meeting, <u>as well as announcing information such as the number of shares with no voting right and shares present.</u> 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.</p> <p>(Omitted)</p>	<p>The chairperson shall call the meeting to order at the time scheduled for the meeting. 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.</p> <p>(Omitted)</p>	
<p>Article X</p> <p>If a shareholders meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors. <u>All relevant proposals (including extraordinary motions and amendments to the original proposals) shall be decided on a case-by-case basis.</u> The meeting shall be conducted according to the scheduled agenda, and shall not be changed, unless otherwise resolved at the shareholders meeting.</p> <p>(Omitted)</p> <p>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, <u>and arrange a sufficient voting time.</u></p>	<p>Article X</p> <p>The agenda for the shareholders meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. Unless otherwise resolved by resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda.</p> <p>(Omitted)</p> <p>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.</p>	<p>(1) Corresponding to the adoption of electronic voting by exchange-listed and OTC-listed companies and realization of the spirit of case by case voting, Paragraph 1 of this Article is amended.</p> <p>(2) Paragraph 4 of the Article is amended to prevent the chair of the meeting from restraining the voting time, leading to infringements of shareholders' voting rights from not having sufficient time to vote.</p>
<p>Article XIII</p> <p>(Omitted)</p> <p><u>When the Company convenes a shareholders meeting, shareholders</u></p>	<p>Article XIII</p> <p>(Omitted)</p> <p>When the Company holds a shareholders meeting, it shall adopt</p>	<p>(1) Paragraph 2 of this Article is amended pursuant to the adoption of electronic voting.</p> <p>(2) Corresponding to the adoption of electronic voting by exchange-listed and OTC-</p>

Amended Provisions	Current Provisions	Description
<p><u>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.</u> 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.</p> <p>(Omitted)</p> <p>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. <u>The validity of the decision so resolved is equally valid as a decision duly resolved through the balloting process.</u></p> <p>(Omitted)</p>	<p>exercise of voting rights by electronic means or correspondence (Companies that shall exercise voting rights by electronic means in accordance with the proviso of Article 177-1, Paragraph 1 of the Company Act: When the Company holds a shareholders meeting, it shall adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified 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.</p> <p>(Omitted)</p> <p>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. When voting, the chairperson or delegate will announce the total number of voting rights represented during the meeting.</p> <p>A proposal is deemed to have passed when no attending shareholders give a dissent after being inquired by the chair, and the effect thereof is the same as a vote; if there are dissents, a vote as stated in the preceding paragraph shall be adopted.</p> <p>(Omitted)</p>	<p>listed companies and realization of the spirit of case by case voting, the rules for voting on proposals in Paragraph 4 of this Article are amended.</p>
<p>Article XIV The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced</p>	<p>Article XIV The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results</p>	<p>(1) Provisions concerning supervisors are deleted. (2) Paragraph 1 is amended to enhance corporate governance and protect shareholders' rights and interests.</p>

Amended Provisions	Current Provisions	Description
<p>on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, <u>as well as the list of unelected directors and the number of voting rights thereof.</u> 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. If an Audit Committee has been established in accordance with Article 14-4 of the Securities and Exchange Act, the supervisors will no longer be appointed in accordance with the law, and the Audit Committee composed of all independent directors shall replace the supervisors.</p>	<p>shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected. 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. If an Audit Committee has been established in accordance with Article 14-4 of the Securities and Exchange Act, the supervisors will no longer be appointed in accordance with the law, and the Audit Committee composed of all independent directors shall replace the supervisors.</p>	
<p>Article XV (Omitted) 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, <u>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.</u> The minutes shall be retained for the duration of the existence of this Corporation.</p>	<p>Article XV (Omitted) 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 result. The minutes shall be retained for the duration of the existence of this Corporation.</p>	<p>Corresponding to the realization of the spirit of case by case voting, Paragraph 3 of this Article is amended.</p>
<p>Article XIX These rules and any amendments thereafter shall become effective upon resolution at the shareholders meeting. These rules became effective as of November 7, 2018, upon resolution at the shareholders meeting. <u>The first amendment was made on June 28, 2021.</u></p>	<p>Article XIX These rules and any amendments thereafter shall become effective upon resolution at the shareholders meeting. These rules became effective as of November 7, 2018, upon resolution at the shareholders meeting.</p>	<p>Revision History</p>

Prepared by	Administration Dep.	Code of Ethical Conduct (before Amendments)	No.	FI-B-043
Prepared on	2019.03.22		Page	2
Amended on			Version	A0

- Article 1 Objective and mandate
These Codes of Ethical Conduct are adopted for the purpose of encouraging the Company's directors, supervisors, and managers (including CEO or their equivalents, assistant general managers or their equivalents, senior managers or their equivalents, chief financial officers, chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.
- Article 2 Prevention of conflicts of interest
When a director, supervisor, or manager of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship.
The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or manager works. The Company shall offer appropriate means for directors, supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the Company.
- Article 3 Minimizing incentives to pursue personal gain
The Company shall prevent its directors or managers from engaging in any of the following activities:
(1) Seeking an opportunity to pursue personal gain by using the Company's property or information, or taking advantage of their positions.
(2) Obtaining personal gain by using the Company's property or information, or taking advantage of their positions.
(3) Competing against the Company.
When the Company has an opportunity for profit, it is the responsibility of the Directors, Supervisors, or Managers to maximize the reasonable and proper benefits that can be obtained by the Company.
- Article 4 Duty of confidentiality
The directors, supervisors, and managers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or its suppliers and customers.
- Article 5 Fair trade
Directors, supervisors, and managers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.
- Article 6 Safeguard and proper use of the Company's properties
All directors, supervisors, and managers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.

- Article 7 Compliance with laws and regulations
The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.
- Article 8 Encouraging Reporting on Illegal or Unethical Activities
The Company shall strengthen the ethical concepts of and encourage employees to report any suspicions or discoveries of violations of law or the "Code of Ethics," and report same to the supervisors, managers, internal audit supervisor, or other appropriate personnel. In order to encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system and make employees aware that the Company will use its best efforts to ensure the safety of informants and protect them from reprisals.
- Article 9 Disciplinary measures
When a director, supervisor, or manager violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies. The Company shall also establish a relevant complaint system to provide the person who violates the Code of Ethical Conduct with remedies.
- Article 10 Exemption procedure
Any exemption for directors, supervisors, or managers from compliance with the Code of Ethical Conduct shall be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections, or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption shall be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the Code of Ethical Conduct, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.
- Article 11 Disclosure manner
A TWSE or TPEX listed company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses, and on the MOPS.
- Article 12 Implementation
The Company's Code of Ethical Conduct shall take effect after having been submitted to and approved by the Board of Directors, delivered to each supervisor, and submitted to the shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.
These Rules were implemented after the Board of Directors passed on March 22, 2019, and were sent to the supervisors and reported to the shareholders meeting.

Prepared by	Administration Dep.	Rules for Election of Directors and Supervisors (before Amendments)	No.	FI-B-028
Prepared on	2018.11.07		Page	3
Amended on			Version	A0

- 1 Scope Except otherwise provided by relevant laws or the Company's Articles of Incorporation, the election of the directors and supervisors of the Company shall comply with the Rules for Election of Directors and Supervisors.
- 2 Qualifications of directors
 - 2.1 The overall composition of the Board of Directors shall be taken into consideration in the selection of this Company's directors and supervisors. 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 of supervisors
 - 3.1 Appointments of supervisors shall be made with reference to the provisions on independence contained in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", in order to select appropriate supervisors to help strengthen the corporation's risk management and control of finance and operations. In addition, the supervisors shall also meet the following conditions:
 - 3.1.1 Integrity.
 - 3.1.2 Impartial judgments.
 - 3.1.3 Professional knowledge
 - 3.1.4 Extensive experience.
 - 3.1.5 The ability to read financial statements.

- 3.1.6 At least one among the supervisors of the Company must be an accounting or finance professional.
 - 3.2 At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.
 - 3.3 A supervisor may not serve concurrently as the director, manager, or any other employee of this Corporation, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.
 - 4 Qualifications and election of independent directors
 - 4.1 The election of independent directors of the Company shall be in compliance with Articles 2 to 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.
 - 4.2 The election of the Company’s independent directors shall comply with Articles 5, 8, and 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”.
 - 5 Rules for election of directors and supervisors
 - 5.1 The directors and supervisors of the Company are set up in accordance with Article 128-1 of the Company Act. After the public offering, the directors and supervisors of the Company shall be elected by the shareholders meeting from among the persons with disposing capacity. But, after the Company is listed in the future, 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. In order to review the qualifications of director candidates, academic background, and the existence of the various items listed in Article 30 of the Company Act, the Company may not arbitrarily add requirements for documentation of other qualifications, and shall provide shareholders with the results of review for their reference, so as to elect qualified directors.
 - 5.2 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.
 - 5.3 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, relevant provisions of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, or Subparagraph 8 of the Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX, 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.
 - 5.4 When the number of supervisors falls below that required under the Company’s Articles of Incorporation due to the dismissal of a supervisor for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. But, when supervisors 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.
 - 6 Methods for electing directors and supervisors

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.

- 7 The Board of Directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors and supervisors 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.
- 8 The number of directors and supervisors 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.
- 9 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.
- 10 In the event that the candidate is a shareholder of the Company, the voters voting for such candidate shall fill in the "candidate" column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such candidate shall fill in the "candidate" column on the ballot such candidate's name and ID number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such candidate shall fill in the "candidate" column on the ballot with the name of such government or corporate shareholder, or the name of such government or corporate shareholder together with the name of such government's or corporate shareholder's representative; when there are multiple representatives, the names of all representatives shall be listed.
- 11 A ballot is deemed void if any of the following circumstances occurs:
 - 11.1 A ballot was not prepared by the board of directors.
 - 11.2 A blank ballot thrown into the ballot box.
 - 11.3 Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.
 - 11.4 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 a shareholder of the Company, such candidate's name or ID number is verified to be incorrect.
 - 11.5 Any ballot with characters other than the candidate's account name (name) or shareholder account number (ID number) and the allocated number of voting rights.
 - 11.6 The name of a candidate entered into the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
- 12 Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors and supervisors 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.
- 13 The Board of Directors of the Company shall deliver a written notification to each of the elected directors and supervisors.

- 14 These rules and any amendments thereafter shall become effective upon resolution at the shareholders meeting.
- 15 Initial formulation: Adopted by the Board of Directors (on behalf of shareholders meeting) on November 07, 2018.

Rules of Procedure for Shareholders Meetings (before Amendments)

- 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.
- A motion relating to the election or dismissal of directors, change of the Articles of Association, dissolution, merger, or demerger of the company, or any subparagraph, Article 185, Paragraph 1 of the Company Act, or Article 26-1 and Article 43-6 of the Securities and Exchange Act must be listed in the reasons for convening a shareholders meeting and may not be listed under extempore motions.
- A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual shareholders meeting. Such proposals, however, are limited to one item 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. Prior to the book closure date before an annual shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, 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 designate 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. 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. The agenda for the shareholders meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. Unless otherwise resolved by resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda. 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.
- 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 holds a shareholders meeting, it shall adopt exercise of voting rights by electronic means or correspondence (Companies that shall exercise voting rights by electronic means in accordance with the proviso of Article 177-1, Paragraph 1 of the Company Act: When the Company holds a shareholders meeting, it shall adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified 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. When voting, the chairperson or delegate will announce the total number of voting rights represented during the meeting.

A proposal is deemed to have passed when no attending shareholders give a dissent after being inquired by the chair, and the effect thereof is the same as a vote; if there are dissents, a vote as stated in the preceding paragraph shall be adopted.

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 or supervisors 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 supervisors and the numbers of votes with which they were elected.
- 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. If an Audit Committee has been established in accordance with Article 14-4 of the Securities and Exchange Act, the supervisors will no longer be appointed in accordance with the law, and the Audit Committee composed of all independent directors shall replace the supervisors.

- 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 result. 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 7, 2018, upon resolution at the shareholders meeting.

Rules of Procedure for Shareholders Meetings (after Amendments)

- 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. When there is a Director election in the shareholders meeting, the election shall be conducted in accordance with the applicable election and appointment rules of the Company. The results of the election shall be announced immediately at the meeting, on-site, including the list of Directors elected and the number of voting rights thereof, 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 June 28, 2021.

KURA SUSHI ASIA CO., LTD.
(Formerly: Taiwan International Kura Sushi 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 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 45,836,000 shares. The minimum total number of shares to be held by all the directors shall be 3,666,880 shares.
- II. As of the book closure date for this annual shareholders meeting on April 30, 2021, 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	68.07%
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	68.07%