



Stock Code: 2754

KURA SUSHI ASIA CO., LTD

2022 Annual Shareholders Meeting Meeting Handbook

Time: June 27, 2022, 10:00am

Venue: Importers & Exporters Association of Taipei
(Complex Classroom ,8F, No. 350, Songjiang Road,
Zhongshan District, Taipei City)

Convening method: Physical shareholders' meeting

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Chapter 1 Meeting Procedure

KURA SUSHI ASIA CO., LTD.

Meeting Procedure for 2022 Annual Shareholders Meeting

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

Chapter 2 Meeting Agenda

KURA SUSHI ASIA CO., LTD.

Meeting Agenda for 2022 Annual Shareholders Meeting

Time: June 27, 2022, 10:00am

Venue: The Importers & Exporters Association of Taipei

(Complex Classroom ,8F, No. 350, Songjiang Road,
Zhongshan District, Taipei City)

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Reports
 - (1) 2021 Business Report
 - (2) Audit Committee's Audit Report on the 2021 Final Reports and Statements
 - (3) Report on the distribution of employee compensation and director compensation in 2021.
- IV. Ratifications
 - (1) Proposal for 2021 Business Report and Financial Statements
 - (2) Proposal for 2021 Earnings Distribution
- V. Discussions
 - Proposal of amendments to "Procedures for Acquisition and Disposal of Assets".
- VI. Election:
 - Proposal of the re-election of the directors.
- VII. Others:
 - Proposal for lifting the non-competition restriction for new directors of the Company.
- VIII. Motions
- IX. Adjournment

I. Reports

Proposal 1:

Subject: Please review 2021 Business Report.

Note: Please refer to this Meeting Handbook [Attachment I] (#page8-10#) for the 2021 Business Report.

Proposal 2:

Subject: Please review 2021 Audit Committee's Audit Report on Final Reports and Statements.

Note: Please refer to this Meeting Handbook [Attachment II] (#page11#) for the 2021 Audit Committee's Audit Report.

Proposal 3:

Subject: Please review the report on the distribution of employee compensation and director compensation in 2021.

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\$0 for director compensation have been distributed in full and in cash this year.

II. Ratifications

Proposal 1:(Proposed by the Board of Directors)

Subject: Please ratify 2021 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 handbook [Attachment III Attachment IV] (#page12-31#).
- (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 8-11#).
- (3) These reports are hereby submitted for ratification.

Resolution:

Proposal 2:(Proposed by the Board of Directors)

Subject: Please ratify the proposal for 2021 earnings distribution

Note:

- (1) The net profit after tax for the year was NT\$22,349,217. 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\$2,312,274 and the special surplus reserve of NT\$617 was NT\$203,561,685.
- (2) NT\$20,814,300 was allocated as a cash dividend for shareholders this year, and NT\$0.45 per share was allotted. Please refer to this Meeting Handbook [Attachment V] (#page32#) for the earnings distribution table.
- (3) If the total number of issued shares changes subsequently, which affects the dividend rate, the chairman is authorized to be based on the actual dividend base date. The number of outstanding shares will be adjusted to the shareholder dividend rate.
- (4) Cash dividends are up to the nearest NT Dollar, with the difference included in the Company's other income.
- (5) After the distribution of the cash dividends is passed by the shareholders meeting, authorize the Board of Directors to stipulate the ex-dividends date and other related matters.
- (6) These reports are hereby submitted for ratification.

Resolution:

III. Discussions

(Proposed by the Board of Directors)

Subject: Please proceed with the discussion on the proposal of amendments to "Procedures for Acquisition and Disposal of Assets".

Note:

- (1) In accordance with the Financial Supervisory Commission's Order No. 1110380465 dated January 28, 2022, which amended the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies", it is proposed to amend certain provisions of the "Procedures for the Acquisition and Disposal of Assets" and the discretionary language.
- (2) Please refer to this Meeting Handbook [Attachment VI] (#page 33-40#) for the comparison table of provisions before and after amendments.
- (3) The proposal is hereby submitted for discussion.

Resolution:

IV. Election

(Proposed by the Board of Directors)

Subject: Please elect for the re-election of the Company's Directors.

Note:

- (1) In accordance with Article 20 of the Company's Articles of Incorporation, the Company shall have five to seven directors. Seven directors (including three independent directors) are proposed to be elected for a term of three years under a nomination system in which the shareholders shall elect the directors from a list of candidates.
- (2) The term of office of the new directors shall be from June 27, 2022 to June 26, 2025. The new directors shall take office upon election at the annual shareholders' meeting and the former directors shall be dismissed at the same time.
- (3) In accordance with Article 192-1 of the Company Act and the Company's Articles of Incorporation, directors (including independent directors) of the Company are nominated by the Board of Directors or by shareholders holding 1% or more of the shares. After the Board of Directors examines the qualifications of the nominees, those who meet the qualifications are placed on the candidate list, and those who meet the qualifications are elected by the shareholders' meeting.
- (4) Please refer to this handbook [Attachment VII] (#page 41#) for the list of candidates for directors (including independent directors) and their academic and experience information.
- (5) Please proceed for election.

Election Results:

V. Others

(Proposed by the Board of Directors)

Subject: Please proceed with the discussion on the proposal for lifting the non-competition restriction for new directors of the Company.

Note:

- (1) In accordance with Article 209 of the Company Act, if the Company's newly appointed directors and their representatives invest in or operate

other businesses in the same or similar scope as the Company's business for themselves or others, they shall explain the material content of their actions at the shareholders' meeting and obtain their approval, provided that the Company's interests are not jeopardized.

- (2) If a director of the Company invests in or operates another company with the same or similar business scope as the Company and serves as a director or manager, he/she is required by law to seek the approval of the shareholders' meeting to lift the non-competition restriction for new directors from the date of his/her appointment.
- (3) It is proposed that the Shareholders' Meeting approve the release of the Company's new directors from the non-competition restriction, as set forth below:

Title	Name	Concurrent Company	Concurrent Position
Director	Kentarō Nishikawa	Kura Sushi Hong Kong Limited	Chairman
		Kura Sushi Shanghai Co., Ltd.	Chairman
Director	Kazuto Kondo	Kura Sushi Shanghai Co., Ltd.	General Manager
Director	Shinji Wanibe	Oasis F&B Company Limited	President
Independent Director	Jason Liu	Chang Hong Investment Co., Ltd.	Chairman
		Espoir Investment Co., Ltd.	Supervisor
		Espoir MRT Co., Ltd.	Supervisor
Independent Director	Jun Ishikawa	Crowe LLP	Chief of Japanese Service Dept.
		Crowe ProC.A	Representative Director
		Asian Bridge Inc.	Non-executive director

(4) Please proceed for approval.

Resolution:

VI. Motions

VII. Adjournment

Chapter 3 Attachments

[Attachment I]

KURA SUSHI ASIA CO., LTD.

2021 Business Report

COVID-19 has been spreading since 2020, with a major outbreak in Taiwan in 2021. The government has implemented preventive measures such as checkerboard seating and suspension of indoor dining to avoid the continued expansion of the epidemic, which has undoubtedly been a worse year for the business environment of Taiwan's catering industry. In addition to implementing basic preventive measures such as hand disinfection and temperature measurement, the Company has further suspended its indoor use service from May to August 2021 in accordance with the government's indoor dining control. While actively cooperating with the government's epidemic prevention policy, the Company's operations were also severely impacted. Despite the activation of takeaway services and strict control of costs, it was still difficult to mitigate the impact of the significant reduction in revenue. 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. The Company continues to invest in store development in spite of the difficult operating environment, with an eye on future development.

A total of 9 new stores were opened in 2021, and the total number of stores grew from 33 at the end of 2020 to 42. The results of store development in 2021 are shown in the table below.

Results of Store Development in 2021

Store No.	Store name	Open date
Store 34	Banqiao Zhongshan Far Eastern Department Store	Jan. 2021
Store 35	Zhonghe Qiaohe Store	Apr. 2021
Store 36	Kaohsiung Gangshan Store	Jul. 2021
Store 37	Taoyuan Far Eastern Department Store	Aug. 2021
Store 38	Taichung Chongde Store	Aug. 2021
Store 39	Nangang CITYLINK Store	Aug. 2021
Store 40	Xinzhung Siyuan Road Store	Sep. 2021
Store 41	Changhua Zhonghua West Road Store	Oct. 2021
Store 42	Chiayi Nice Plaza Store	Nov. 2021
A total of 9 stores		

As a result of the rampant epidemic and the government's epidemic prevention measures, store operations have been restricted, resulting in a decline in revenue and fewer customers, as well as fierce competition in the industry, making the overall business environment critical. Despite the general environment, the Company benefited from the increase in stores, with consolidated revenue of NT\$2,527,098 thousand, a slight increase of 5% over the previous year. Consolidated operating income was NT\$32,694 thousand, a decrease of 36% from the previous year. Consolidated net income after tax was NT\$22,349 thousand, a decrease of 29% from the previous year. Although both consolidated operating income and consolidated net income after tax declined, we were able to maintain a surplus for the year. From May to August 2021, the local epidemic in Taiwan rapidly escalated and local governments banned the indoor dining, resulting in a significant deterioration in revenue from the second to third quarters. However, after the fourth quarter, various epidemic prevention measures were relaxed and store operations gradually returned to the right track. The Company actively launched sales promotion activities, in line with the government's Quintuple Stimulus Voucher revitalization policy, and with proper management of costs and expenses, and benefited from more stable fluctuations in the cost of ingredients, the number of customers rebounded significantly, effectively improving revenue.

[Consolidated Statements of Comprehensive Income]

Unit: NTD `000

Item	2020	%	2021	%	Increase/Decrease for the Previous Year (%)
Sales Revenue	2,414,639	100	2,527,098	100	5
Operating costs	1,457,497	60	1,535,008	61	5
Gross Profit	957,142	40	992,090	39	4
Operating Expenses	906,404	38	959,396	38	6
Operating Profit	50,738	2	32,694	1	(36)
Profit before income tax	39,470	2	23,228	1	(41)
Net Profit	31,570	1	22,349	1	(29)

[2021 Quarterly Consolidated Statements of Comprehensive Income]

Unit: NTD `000

Item	Q1	Q2	Q3	Q4
Sales Revenue	792,039	379,438	482,107	873,514
Operating costs	466,764	253,775	314,381	500,088
Gross Profit	325,275	125,663	167,726	373,426
Operating Expenses	249,036	194,085	233,248	283,027
Operating Profit	76,239	(68,422)	(65,522)	90,399
Profit before income tax	73,540	(71,972)	(66,130)	87,790
Net Profit	58,829	(53,822)	(52,873)	70,215

Looking forward to 2022, 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. In addition to actively developing stores in Taiwan, we are also promoting the development of overseas markets 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

[Attachment II]

The Board of Directors has prepared the Company's 2021 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 Financial Statements have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely, Annual Shareholders Meeting

KURA SUSHI ASIA CO., LTD.
Convenor of the Audit Committee: Jason Liu
May 11, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 are as follows:

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 42 restaurants at the end of 2021, 21 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 for the year ended December 31, 2021 was NT\$ 1,296,745 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 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 procedures that we performed for the above key audit matter included the following:

1. Obtain an understanding of the controls related to the general IT environment surrounding the ERP system and test the operating effectiveness of the controls.
2. Perform internal control effectiveness testing by selecting samples from the restaurant operating income report generated from the headquarter POS system. For each sample, verify that 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 detail testing of the transactions by verifying whether the amount per the daily business report matches the amount per the manual journal entry to recognize revenue recorded by the accounting department.

Other 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, 2021 and 2020, 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, 2021, 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 11, 2022

Notice to Readers

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

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

Kura Sushi Asia Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 412,600	10	\$ 634,573	20
1170	Accounts receivable from unrelated parties (Notes 4 and 7)	100,972	3	81,887	3
1200	Other receivables (Notes 4 and 26)	17,550	-	2,036	-
130X	Inventories (Notes 4 and 8)	16,082	-	17,557	1
1410	Prepayments (Note 26)	26,406	1	18,140	1
1470	Other current assets (Note 13)	5,484	-	5,214	-
11XX	Total current assets	<u>579,094</u>	<u>14</u>	<u>759,407</u>	<u>25</u>
	Non-current assets				
1600	Property, plant, and equipment (Notes 4, 10, 24, and 27)	1,276,462	32	954,840	31
1755	Right-of-use asset (Notes 4, 5, and 11)	1,961,806	49	1,300,276	42
1780	Intangible assets (Notes 4 and 12)	2,839	-	3,250	-
1840	Deferred tax assets (Notes 4 and 20)	6,686	-	5,504	-
1915	Prepayments for construction and equipment (Note 24)	127,745	3	40,137	1
1920	Refundable deposits	45,509	1	36,368	1
1985	Prepayments for leases	8,705	1	-	-
15XX	Total non-current assets	<u>3,429,752</u>	<u>86</u>	<u>2,340,375</u>	<u>75</u>
1XXX	Total assets	<u>\$ 4,008,846</u>	<u>100</u>	<u>\$ 3,099,782</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4, 14, and 24)	\$ 200,000	5	\$ -	-
2170	Accounts payable	117,099	3	113,393	4
2219	Other receivables (Notes 4, 15, 24, and 27)	239,388	6	232,815	7
2230	Current tax liabilities (Notes 4 and 20)	8	-	9,363	-
2280	Lease liabilities - current (Notes 4, 11, and 24)	212,694	5	158,678	5
2300	Other current liabilities (Note 15)	2,918	-	2,415	-
21XX	Total current liabilities	<u>772,107</u>	<u>19</u>	<u>516,664</u>	<u>16</u>
	Non-current liabilities				
2550	Provisions - non-current (Notes 4 and 16)	74,818	2	54,149	2
2570	Deferred income tax liabilities (Notes 4 and 20)	2,837	-	646	-
2580	Lease liabilities - current (Notes 4, 11, and 24)	1,759,053	44	1,134,879	37
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	1,628	-	1,902	-
2610	Other payables - non-current (Notes 10, 15, and 24)	125,889	3	129,830	4
2670	Other non-current liabilities	37	-	-	-
25XX	Total non-current liabilities	<u>1,964,262</u>	<u>49</u>	<u>1,321,406</u>	<u>43</u>
2XXX	Total liabilities	<u>2,736,369</u>	<u>68</u>	<u>1,838,070</u>	<u>59</u>
	Equity (Note 18)				
	Share capital				
3110	Common stock	458,560	11	449,800	14
3140	Capital received in advance	957	-	1,870	-
3100	Total share capital	<u>459,517</u>	<u>11</u>	<u>451,670</u>	<u>14</u>
3200	Capital surplus	<u>582,074</u>	<u>15</u>	<u>579,387</u>	<u>19</u>
	Retained earnings				
3310	Legal reserve	25,012	1	21,815	1
3320	Special reserve	4	-	-	-
3350	Unappropriated earnings	205,873	5	208,844	7
3300	Total retained earnings	<u>230,889</u>	<u>6</u>	<u>230,659</u>	<u>8</u>
3400	Other equity	(3)	-	(4)	-
3XXX	Total equity	<u>1,272,477</u>	<u>32</u>	<u>1,261,712</u>	<u>41</u>
	Total liabilities and equity	<u>\$ 4,008,846</u>	<u>100</u>	<u>\$ 3,099,782</u>	<u>100</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. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note 4)	\$ 2,527,098	100	\$ 2,414,639	100
5000	Operating costs (Notes 4, 8, and 27)	<u>1,535,008</u>	<u>61</u>	<u>1,457,497</u>	<u>60</u>
5900	Gross profit	<u>992,090</u>	<u>39</u>	<u>957,142</u>	<u>40</u>
	Operating expenses (Notes 19 and 27)				
6100	Selling expenses	792,931	31	733,587	30
6200	General and administrative expenses	165,933	7	172,161	7
6300	Research and development expenses	532	-	669	-
6450	Expected gain on reversal of credit losses	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>
6000	Total operating expenses	<u>959,396</u>	<u>38</u>	<u>906,404</u>	<u>37</u>
6900	Net operating income	<u>32,694</u>	<u>1</u>	<u>50,738</u>	<u>3</u>
	Non-operating income and expenses (Note 19)				
7100	Interest income	518	-	435	-
7010	Other income	3,357	-	1,628	-
7020	Other gains and losses	14,927	1	1,487	-
7050	Finance costs	<u>(28,268)</u>	<u>(1)</u>	<u>(14,818)</u>	<u>(1)</u>
7000	Total non-operating income and expenses	<u>(9,466)</u>	<u>-</u>	<u>(11,268)</u>	<u>(1)</u>
7900	Net income before tax	23,228	1	39,470	2
7950	Tax expenses (Notes 4 and 20)	<u>879</u>	<u>-</u>	<u>7,900</u>	<u>1</u>
8200	Net income for the year	<u>22,349</u>	<u>1</u>	<u>31,570</u>	<u>1</u>

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Code		2021		2020	
		Amount	%	Amount	%
	Other comprehensive income				
	Items that will not be reclassified				
	subsequently to profit or				
	loss:				
8311	Remeasurement of				
	defined benefit				
	plans	\$ 967	-	\$ 503	-
8349	Income tax relating to				
	items that will not				
	be reclassified				
	subsequently to				
	profit or loss (Note				
	20)	(193)	-	(101)	-
8310		<u>774</u>	<u>-</u>	<u>402</u>	<u>-</u>
8360	Items that will be reclassified to				
	profit or loss				
8361	Financial statements				
	translation				
	differences of				
	foreign operations	<u>1</u>	<u>-</u>	(<u>4</u>)	<u>-</u>
8300	Other comprehensive				
	income for the year				
	(net income after				
	tax)	<u>775</u>	<u>-</u>	<u>398</u>	<u>-</u>
8500	Total comprehensive income for				
	the year	<u>\$ 23,124</u>	<u>1</u>	<u>\$ 31,968</u>	<u>1</u>
	Net income attributable to:				
8610	Owners of the Company	<u>\$ 22,349</u>	<u>1</u>	<u>\$ 31,570</u>	<u>1</u>
	Comprehensive income				
	attributable to:				
8710	Owners of the Company	<u>\$ 23,124</u>	<u>1</u>	<u>\$ 31,968</u>	<u>1</u>
	Earnings per share (Note 21)				
9750	Basic	<u>\$ 0.49</u>		<u>\$ 0.79</u>	
9850	Diluted	<u>\$ 0.48</u>		<u>\$ 0.76</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. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

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

Code		Share capital				Retained earnings				Other equity	Total equity
		Number of Shares (in Thousands)	Common stock	Capital received in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Financial statements translation differences of foreign operations	
A1	Balance at January 1, 2020	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	-	-	-	-	-	-	(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
	Appropriation and distribution of earnings for 2018:										
B1	Legal reserve appropriated	-	-	-	-	3,197	-	(3,197)	-	-	-
B3	Special reserve appropriated	-	-	-	-	-	4	(4)	-	-	-
B5	Cash dividends	-	-	-	-	-	-	(22,893)	(22,893)	-	(22,893)
N1	Issuance of employees stock option	-	-	-	1,811	-	-	-	-	-	1,811
N1	Issuance of common stock under employee stock options	876	8,760	(913)	876	-	-	-	-	-	8,723
D1	Net income in 2021	-	-	-	-	-	-	22,349	22,349	-	22,349
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	-	774	774	1	775
D5	Total comprehensive income in 2021	-	-	-	-	-	-	23,123	23,123	1	23,124
Z1	Balance at December 31, 2021	\$ 45,856	\$ 458,560	\$ 957	\$ 582,074	\$ 25,012	\$ 4	\$ 205,873	\$ 230,889	(\$ 3)	\$ 1,272,477

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, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 23,228	\$ 39,470
A20010	Adjustments for:		
A20100	Depreciation expenses	381,981	345,890
A20200	Amortization expenses	1,524	1,071
A20300	Expected gain on reversal of credit losses	-	(13)
A21900	Compensation costs of employee stock options	1,811	6,021
A20900	Finance costs	28,268	14,818
A21200	Interest income	(518)	(435)
A23700	Write-downs of inventories	23	-
A23800	Gains on price recovery from write-downs of inventories	-	(74)
A22500	Net losses (gains) on disposal of property, plant, and equipment	(6,632)	46
A24100	Net gains on foreign currency exchange	(24,691)	(2,735)
A29900	Recognition of pension costs	693	816
A29900	Losses on disposal of right-of-use assets	1,161	-
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(19,085)	(35,083)
A31180	Other receivables	(432)	(496)
A31200	Inventories	1,452	(9,019)
A31230	Prepayments	(8,266)	(2,515)
A31240	Other current assets	(270)	107
A32150	Accounts payable	3,706	42,579
A32180	Other payables	20,474	40,799
A32230	Other current liabilities	503	502
A33000	Cash generated from operations	404,930	441,749
A33100	Interest received	674	291
A33300	Interest paid	(27,438)	(14,898)
A33500	Income tax paid	(9,418)	(12,887)
AAAA	Net cash flows from operating activities	<u>368,748</u>	<u>414,255</u>

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Code		2021	2020
	Cash flows from investing activities		
B02700	Acquisition of property, plant, and equipment	(\$ 584,284)	(\$ 396,648)
B02800	Proceeds from disposal of property, plant, and equipment	8,571	-
B03700	Increase in refundable deposits	(9,141)	(17,086)
B04500	Acquisition of intangible assets	(1,113)	(3,416)
B07300	Increase in prepayments for leases	(8,705)	-
BBBB	Cash used in investing activities, net	(<u>594,672</u>)	(<u>417,150</u>)
	Cash flows from financing activities		
C00100	Increase in short-term loans	200,000	-
C00200	Decrease in short-term loans	-	(10,541)
C04020	Repayments of lease liabilities	(181,917)	(137,162)
C03000	Guarantee deposits received	37	-
C04500	Cash dividends distributed	(22,893)	(18,937)
C04600	Proceeds from issuance of ordinary shares	<u>8,723</u>	<u>506,656</u>
CCCC	Net cash generated from financing activities	<u>3,950</u>	<u>340,016</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>1</u>	(<u>4</u>)
EEEE	Net (decrease) increase in cash and cash equivalents	(221,973)	337,117
E00100	Cash and cash equivalents at beginning of year	<u>634,573</u>	<u>297,456</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 412,600</u>	<u>\$ 634,573</u>

The accompanying notes are an integral part of the Consolidated 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 financial statements of Kura Sushi Asia Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 are as follows:

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 42 restaurants at the end of 2021, 21 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 for the year ended December 31, 2021 was NT\$ 1,296,745 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 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. Obtain an understanding of the controls related to the general IT environment surrounding the ERP system and test the operating effectiveness of the controls.
2. Perform internal control effectiveness testing by selecting samples from the restaurant operating income report generated from the headquarter POS system. For each sample, verify that 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 detail testing of the transactions by verifying whether the amount per the daily business report matches the amount per the manual journal entry to recognize revenue recorded by the accounting department.

Responsibilities of Management and Those Charged with Governance for the 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, 2021, 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 11, 2022

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, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 412,215	11	\$ 634,210	20
1170	Accounts receivable from unrelated parties (Notes 4 and 7)	100,972	3	81,887	3
1200	Other receivables (Notes 4 and 26)	17,550	-	2,036	-
130X	Inventories (Notes 4 and 8)	16,082	1	17,557	1
1410	Prepayments (Note 26)	26,397	1	18,140	1
1470	Other current assets (Notes 13 and 27)	5,923	-	5,642	-
11XX	Total current assets	<u>579,139</u>	<u>15</u>	<u>759,472</u>	<u>25</u>
	Non-current assets				
1600	Property, plant, and equipment (Notes 4, 10, 24, and 27)	1,276,462	32	954,840	31
1755	Right-of-use asset (Notes 4, 5, and 11)	1,961,806	49	1,300,276	42
1780	Intangible assets (Notes 4 and 12)	2,839	-	3,250	-
1840	Deferred tax assets (Notes 4 and 20)	6,686	-	5,504	-
1915	Prepayments for construction and equipment (Note 24)	127,745	3	40,137	1
1920	Refundable deposits	45,509	1	36,368	1
1985	Prepayments for leases	8,705	-	-	-
15XX	Total non-current assets	<u>3,429,752</u>	<u>85</u>	<u>2,340,375</u>	<u>75</u>
1XXX	Total assets	<u>\$ 4,008,891</u>	<u>100</u>	<u>\$ 3,099,847</u>	<u>100</u>
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4, 14, and 24)	\$ 200,000	5	\$ -	-
2170	Accounts payable	117,099	3	113,393	4
2219	Other receivables (Notes 4, 15, 24, and 27)	239,388	6	232,815	7
2230	Current tax liabilities (Notes 4 and 20)	8	-	9,363	-
2280	Lease liabilities - current (Notes 4, 11, and 24)	212,694	5	158,678	5
2300	Other current liabilities (Note 15)	2,868	-	2,404	-
21XX	Total current liabilities	<u>772,057</u>	<u>19</u>	<u>516,653</u>	<u>16</u>
	Non-current liabilities				
2550	Provisions - non-current (Notes 4 and 16)	74,818	2	54,149	2
2570	Deferred income tax liabilities (Notes 4 and 20)	2,837	-	646	-
2580	Lease liabilities - current (Notes 4, 11, and 24)	1,759,053	44	1,134,879	37
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	1,628	-	1,902	-
2650	Credit balance of investments accounted for using the equity method (Notes 4 and 9)	95	-	76	-
2610	Other payables - non-current (Notes 10, 15, and 24)	125,889	3	129,830	4
2670	Other non-current liabilities	37	-	-	-
25XX	Total non-current liabilities	<u>1,964,357</u>	<u>49</u>	<u>1,321,482</u>	<u>43</u>
2XXX	Total liabilities	<u>2,736,414</u>	<u>68</u>	<u>1,838,135</u>	<u>59</u>
	Equity (Note 18)				
	Share capital				
3110	Common stock	458,560	11	449,800	14
3140	Capital received in advance	957	-	1,870	-
3100	Total share capital	<u>459,517</u>	<u>11</u>	<u>451,670</u>	<u>14</u>
3200	Capital surplus	<u>582,074</u>	<u>15</u>	<u>579,387</u>	<u>19</u>
	Retained earnings				
3310	Legal reserve	25,012	1	21,815	1
3320	Special reserve	4	-	-	-
3350	Unappropriated earnings	205,873	5	208,844	7
3300	Total retained earnings	<u>230,889</u>	<u>6</u>	<u>230,659</u>	<u>8</u>
3400	Other equity	(3)	-	(4)	-
3XXX	Total equity	<u>1,272,477</u>	<u>32</u>	<u>1,261,712</u>	<u>41</u>
	Total liabilities and equity	<u>\$ 4,008,891</u>	<u>100</u>	<u>\$ 3,099,847</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, 2021 and 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note 4)	\$ 2,527,098	100	\$ 2,414,639	100
5000	Operating costs (Notes 4, 8, and 27)	<u>1,535,008</u>	<u>61</u>	<u>1,457,497</u>	<u>60</u>
5900	Gross profit	<u>992,090</u>	<u>39</u>	<u>957,142</u>	<u>40</u>
	Operating expenses (Notes 19 and 27)				
6100	Selling expenses	792,931	31	733,587	30
6200	General and administrative expenses	165,924	7	172,110	7
6300	Research and development expenses	532	-	669	-
6450	Expected gain on reversal of credit losses	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>
6000	Total operating expenses	<u>959,387</u>	<u>38</u>	<u>906,353</u>	<u>37</u>
6900	Net operating income	<u>32,703</u>	<u>1</u>	<u>50,789</u>	<u>3</u>
	Non-operating income and expenses (Note 19)				
7100	Interest income	518	-	435	-
7010	Other income	3,357	-	1,628	-
7020	Other gains and losses	14,938	1	1,508	-
7050	Finance costs	(28,268)	(1)	(14,818)	(1)
7070	Share of loss of subsidiaries, associates, and joint ventures accounted for using equity method (Note 9)	<u>(20)</u>	<u>-</u>	<u>(72)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>(9,475)</u>	<u>-</u>	<u>(11,319)</u>	<u>(1)</u>
7900	Net income before tax	23,228	1	39,470	2
7950	Tax expenses (Notes 4 and 20)	<u>879</u>	<u>-</u>	<u>7,900</u>	<u>1</u>
8200	Net income for the year	<u>22,349</u>	<u>1</u>	<u>31,570</u>	<u>1</u>

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Code		2021		2020	
		Amount	%	Amount	%
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	\$ 967	-	\$ 503	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	(193)	-	(101)	-
8310		<u>774</u>	<u>-</u>	<u>402</u>	<u>-</u>
8360	Items that will be reclassified to profit or loss				
8361	Financial statements translation differences of foreign operations	<u>1</u>	<u>-</u>	(<u>4</u>)	<u>-</u>
8300	Other comprehensive income for the year (net income after tax)	<u>775</u>	<u>-</u>	<u>398</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 23,124</u>	<u>1</u>	<u>\$ 31,968</u>	<u>1</u>
	Net income attributable to:				
8610	Owners of the Company	<u>\$ 22,349</u>	<u>1</u>	<u>\$ 31,570</u>	<u>1</u>
	Comprehensive income attributable to:				
8710	Owners of the Company	<u>\$ 23,124</u>	<u>1</u>	<u>\$ 31,968</u>	<u>1</u>
	Earnings per share (Note 21)				
9750	Basic	<u>\$ 0.49</u>		<u>\$ 0.79</u>	
9850	Diluted	<u>\$ 0.48</u>		<u>\$ 0.76</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, 2021 and 2020

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

Code		Share capital				Retained earnings				Other equity	Total equity
		Number of Shares (in Thousands)	Common stock	Capital received in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Financial statements translation differences of foreign operations	
A1	Balance at January 1, 2020	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	-	-	-	-	-	-	(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
	Appropriation and distribution of earnings for 2018:										
B1	Legal reserve appropriated	-	-	-	-	3,197	-	(3,197)	-	-	-
B3	Special reserve appropriated	-	-	-	-	-	4	(4)	-	-	-
B5	Cash dividends	-	-	-	-	-	-	(22,893)	(22,893)	-	(22,893)
N1	Issuance of employees stock option	-	-	-	1,811	-	-	-	-	-	1,811
N1	Issuance of common stock under employee stock options	876	8,760	(913)	876	-	-	-	-	-	8,723
D1	Net income in 2021	-	-	-	-	-	-	22,349	22,349	-	22,349
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	-	774	774	1	775
D5	Total comprehensive income in 2021	-	-	-	-	-	-	23,123	23,123	1	23,124
Z1	Balance at December 31, 2021	\$ 45,856	\$ 458,560	\$ 957	\$ 582,074	\$ 25,012	\$ 4	\$ 205,873	\$ 230,889	(\$ 3)	\$ 1,272,477

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, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 23,228	\$ 39,470
A20010	Adjustments for:		
A20100	Depreciation expenses	381,981	345,890
A20200	Amortization expenses	1,524	1,071
A20300	Expected gain on reversal of credit losses	-	(13)
A21900	Compensation costs of employee stock options	1,811	6,021
A20900	Finance costs	28,268	14,818
A21200	Interest income	(518)	(435)
A23700	Write-downs of inventories	23	-
A23800	Gains on price recovery from write-downs of inventories	-	(74)
A22400	Share of loss of subsidiaries, associates, and joint ventures accounted for using equity method	20	72
A22500	Net losses (gains) on disposal of property, plant, and equipment	(6,632)	46
A24100	Net gains on foreign currency exchange	(24,691)	(2,735)
A29900	Recognition of pension costs	693	816
A29900	Losses on disposal of right-of-use assets	1,161	-
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(19,085)	(35,083)
A31180	Other receivables	(432)	(496)
A31200	Inventories	1,452	(9,019)
A31230	Prepayments	(8,257)	(2,515)
A31240	Other current assets	(281)	(321)
A32150	Accounts payable	3,706	42,579
A32180	Other payables	20,474	40,799
A32230	Other current liabilities	464	491
A33000	Cash generated from operations	404,909	441,382
A33100	Interest received	674	291
A33300	Interest paid	(27,438)	(14,898)
A33500	Income tax paid	(9,418)	(12,887)
AAAA	Net cash flows from operating activities	<u>368,727</u>	<u>413,888</u>

(Continued on the next page)

(Continued from the previous page)

Code		2021	2020
	Cash flows from investing activities		
B02700	Acquisition of property, plant, and equipment	(\$ 584,284)	(\$ 396,648)
B02800	Proceeds from disposal of property, plant, and equipment	8,571	-
B03700	Increase in refundable deposits	(9,141)	(17,086)
B04500	Acquisition of intangible assets	(1,113)	(3,416)
B07300	Increase in prepayments for leases	(8,705)	-
BBBB	Cash used in investing activities, net	(<u>594,672</u>)	(<u>417,150</u>)
	Cash flows from financing activities		
C00100	Increase in short-term loans	200,000	-
C00200	Decrease in short-term loans	-	(10,541)
C04020	Repayments of lease liabilities	(181,917)	(137,162)
C03000	Guarantee deposits received	37	-
C04500	Cash dividends distributed	(22,893)	(18,937)
C04600	Proceeds from issuance of ordinary shares	<u>8,723</u>	<u>506,656</u>
CCCC	Net cash generated from financing activities	<u>3,950</u>	<u>340,016</u>
EEEE	Net (decrease) increase in cash and cash equivalents	(221,995)	336,754
E00100	Cash and cash equivalents at beginning of year	<u>634,210</u>	<u>297,456</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 412,215</u>	<u>\$ 634,210</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.
Earnings Distribution Table
2021

		Unit: NTD
Item	Amount	
Beginning balance of unappropriated retained earnings	\$ 182,750,607	
Add: Remeasurements of defined benefit plans recognized in retained earnings	773,518	
Adjusted undistributed retained earnings	183,524,125	
Add: Net profit after tax for the current year	22,349,217	
Reversal of special reserve	617	
Less: Legal reserve appropriated	(2,312,274)	
Earnings available for distribution	\$ 203,561,685	
Distribution items		
Cash dividends of common stock (NT\$0.45/share) (Note)	(20,814,300)	
Unappropriated earnings at the end of the period	\$ 182,747,385	

Note:

- 1 The dividend rate is calculated based on the 46,254,000 shares issued and tradable as of March 31, 2022. 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.
Procedures for Acquisition and Disposal of Assets
Comparison Table before and after Amendments

[Attachment VI]

Amended Provisions	Current Provisions	Description
<p>3 Terminology 3.1~3.6 (omitted)</p> <p>3.7 "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>3.8~3.9 (omitted)</p> <p>3.10 Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</p> <p>3.11 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</p> <p>3.12 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</p>	<p>3 Terminology 3.1~3.6 (omitted)</p> <p>3.7 "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>3.8~3.9 (omitted)</p> <p>3.10 Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</p> <p>3.11 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</p> <p>3.12 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</p>	<p>1 The wording is modified to align with the Company's current situation.</p> <p>2 The Company is not an investment as a professional corporation and therefore the definition of the term applicable to investment as a professional corporation is deleted.</p>
<p>4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>4.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act,</p>	<p>4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>4.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act,</p>	<p>Amended in accordance with the letter No. 1110380465 issued by the FSC Securities and Futures Bureau.</p>

Amended Provisions	Current Provisions	Description
<p>the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>4.2 Not a related party or de facto related party of the transaction counterpart.</p> <p>4.3 If the Company is required to obtain appraisal reports from two or more professional appraisers, the professional appraisers or appraisers may not be related parties or de facto related parties of each other.</p> <p>4.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph <u>shall comply with the self-regulatory rules of the industry associations to which they belong and</u> with the following provisions:</p> <p>4.4.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>4.4.2 When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>4.4.3 They shall undertake an item-by-item evaluation of the <u>appropriateness and reasonableness</u> of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4.4.4 They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and reasonable</u>, and that they have complied with applicable laws and regulations.</p>	<p>the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since the completion of service of the sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>4.2 Not a related party or de facto related party of the transaction counterpart.</p> <p>4.3 If the Company is required to obtain appraisal reports from two or more professional appraisers, the professional appraisers or appraisers may not be related parties or de facto related parties of each other.</p> <p>4.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>4.4.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>4.4.2 When reviewing audit assignments, they shall plan and implement appropriate operating procedures to draw a conclusion as the basis of producing a report or expressing an opinion; and maintain a full record of the implementation procedures, gathered data, and conclusions in the worksheet.</p> <p>4.4.3 They shall assess the integrity, correctness and reasonableness of the data sources, parameters and information used on a case-by-case basis as the basis for issuing appraisal reports or written opinions.</p> <p>4.4.4 The declaration shall include the professionalism and independence of the relevant personnel, the assessment of the reasonableness and correctness of the information used and the compliance with the relevant laws and regulations.</p>	
<p>5 Procedures for the acquisition or disposal of properties, equipment, other significant assets or right-to-use assets.</p> <p>5.1 The Company acquires or disposes of properties, equipment, other significant assets or right-to-use assets in accordance with the Company's internal control system property, plant and equipment cycle procedures.</p> <p>5.2 Procedures for determining the terms of the transaction and the authorization amount</p> <p>5.2.1~5.2.2 (omitted)</p>	<p>5. Procedures for the acquisition or disposal of properties, equipment, other significant assets or right-to-use assets.</p> <p>5.1 The Company acquires or disposes of properties, equipment, other significant assets or their right-to-use assets in accordance with the Company's internal control system properties, plants and equipment cycle procedures.</p> <p>5.2 Procedures for determining the terms of the transaction and the authorization amount</p> <p>5.2.1~5.2.2 (omitted)</p>	<p>1 Amended in accordance with the letter No. 1110380465 issued by the FSC Securities and Futures Bureau.</p> <p>2 Amend the texts as appropriate.</p> <p>3 Revise the wording of 5.2.3 Requirement for prior approval by the Audit Committee; delete the duplication with Article 16, and adopt</p>

Amended Provisions	Current Provisions	Description
<p>5.2.3 If the acquisition or disposal of assets shall be approved or recognized by the Board of Directors in accordance with these Procedures or other laws, the acquisition or disposal shall be approved by the Audit Committee and then submitted to the Board of Directors for discussion, subject to the provisions of Articles 16.2 to 16.4. , if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Board of Directors meeting. In addition, if the Company has independent directors, the Company shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposal of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their agreement or disagreement in the minutes of the meeting. If an audit committee has been established in accordance with the Securities and Exchange Act, major asset transactions shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.</p> <p>5.3 (omitted)</p> <p>5.4 In acquiring or disposing of real estate or other equipment or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in-capital or exceeds NT\$300 million, the Company, unless transacting with a government agency, engaging others to build on the Company's own land, engaging others to build on rented land, or acquiring or disposing of equipment</p>	<p>5.2.3 The Company shall obtain the approval of the Audit Committee and then submit it to the Board of Directors for approval after the acquisition or disposal is approved by the Audit Committee in accordance with the prescribed procedures or other legal requirements. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Board of Directors meeting. In addition, if the Company has independent directors, the Company shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposal of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their agreement or disagreement in the minutes of the meeting. If an audit committee has been established in accordance with the Securities and Exchange Act, major asset transactions shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.</p> <p>5.3 (omitted)</p> <p>5.4 In acquiring or disposing of real estate or other equipment or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in-capital or exceeds NT\$300 million, the Company, unless transacting with a government agency, engaging others to build on the Company's own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, shall obtain an appraisal report from professional appraisers prior to the date of event and shall further comply with the following provisions:</p> <p>5.4.1 If the transaction price is determined by referring to an attributive price or a specific price</p>	<p>the standard method instead.</p>

Amended Provisions	Current Provisions	Description
<p>or right-of-use assets thereof for business use, shall obtain an appraisal report from professional appraisers prior to the date of event and shall further comply with the following provisions:</p> <p>5.4.1 If the transaction price is determined by referring to an attributive price or a specific price for a good cause, the transaction should be presented to the board of directors for resolution. Any changes in trading conditions thereafter should be handled in the same manner.</p> <p>5.4.2 Where the transaction price exceeds NT\$1 billion, appraisal reports from two or more professional appraisers shall be required.</p> <p>5.4.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal reports, unless all the appraisal reports for the assets to be acquired are higher than the transaction price, or all the appraisal reports for the assets to be disposed of are lower than the transaction price, a CPA shall be engaged to perform the appraisal in accordance with the provisions of No. 20 of the Statement of Auditing Standards published by the Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:</p> <p>5.4.3.1 The discrepancy between an appraisal report and the transaction price reaches 20% or more of the transaction price.</p> <p>5.4.3.2 The discrepancy between the appraisal reports of two or more professional appraisers reaches 10% or more of the transaction price.</p> <p>5.4.4 (omitted)</p>	<p>for a good cause, the transaction should be presented to the board of directors for resolution. Any changes in trading conditions thereafter should be handled in the same manner.</p> <p>5.4.2 Where the transaction price exceeds NT\$ 1 billion, appraisal reports from two or more professional appraisers shall be required.</p> <p>5.4.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal reports, unless all the appraisal reports for the assets to be acquired are higher than the transaction price, or all the appraisal reports for the assets to be disposed of are lower than the transaction price, a CPA shall be engaged to perform the appraisal in accordance with the provisions of No. 20 of the Statement of Auditing Standards published by the Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:</p> <p>5.4.3.1 The discrepancy between an appraisal report and the transaction price reaches 20% or more of the transaction price.</p> <p>5.4.3.2 The discrepancy between the appraisal reports of two or more professional appraisers reaches 10% or more of the transaction price.</p> <p>5.4.4 (omitted)</p>	
<p>6 Procedures for Acquisition and Disposal of Securities Investment</p> <p>6.1 (Omitted)</p> <p>6.2 Procedures for determining the terms of the transaction and the authorization amount</p> <p>6.2.1~6.2.3 (omitted)</p> <p>6.2.4 The acquisition or disposal of securities investment <u>shall be approved or recognized by the Board of Directors in accordance with these Procedures or other laws, the acquisition or disposal shall be approved by the Audit Committee and then submitted to the Board of Directors for discussion, subject to the provisions of Articles 16.2 to</u></p>	<p>6. Procedures for Acquisition and Disposal of Securities Investment</p> <p>6.1 (Omitted)</p> <p>6.2 Procedures for determining the terms of the transaction and the authorization amount</p> <p>6.2.1~6.2.3 (omitted)</p> <p>6.2.4 The Company shall obtain the approval of the Audit Committee and then submit it to the Board of Directors for approval after the acquisition or disposal of securities is approved by the Audit Committee in accordance with the prescribed procedures or other legal requirements. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Board of</p>	<p>1. Revise the wording of 6.2.4 Requirement for prior approval by the Audit Committee; delete the duplication with Article 16, and adopt the standard method instead.</p> <p>2. Amended in accordance with the letter No. 1110380465 issued by the FSC Securities and Futures Bureau.</p>

Amended Provisions	Current Provisions	Description
<p>16.4. In addition, if the Company has independent directors, the Company shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposal of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their agreement or disagreement in the minutes of the meeting. If an audit committee has been established in accordance with the Securities and Exchange Act, major asset transactions shall be approved by at least one half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.</p> <p>6.3 Execution Unit: When the Company acquires or disposes of marketable securities, the financial unit shall be responsible for the execution of such acquisition or disposal after submitting the approval in accordance with the preceding approval authority.</p> <p>6.4 Gain Expert Opinion When the Company's acquisition or disposal of securities thereof exceeds 20% of the Company's paid-in-capital or NT\$300 million, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the date of event. The certified public accountant shall handle relevant matters in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation. This requirement shall not apply to publicly quoted prices of an active market or is otherwise regulated by FSC.</p>	<p>Directors meeting. In addition, if the Company has independent directors, the Company shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposal of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their agreement or disagreement in the minutes of the meeting. If an audit committee has been established in accordance with the Securities and Exchange Act, major asset transactions shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.</p> <p>6.3 Execution Unit: When the Company acquires or disposes of marketable securities, the financial unit shall be responsible for the execution of such acquisition or disposal after submitting the approval in accordance with the preceding approval authority.</p> <p>6.4 Gain Expert Opinion When the Company's acquisition or disposal of securities thereof exceeds 20% of the Company's paid-in-capital or NT\$300 million, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the date of event. The certified public accountant shall handle relevant matters in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation. This requirement shall not apply to publicly quoted prices of an active market or is otherwise regulated by FSC.</p>	

Amended Provisions	Current Provisions	Description
<p>7 Procedures for the acquisition or disposal of intangible assets or its right-to-use assets or memberships.</p> <p>7.1 (Omitted)</p> <p>7.2 Procedures for determining the terms of the transaction and the authorization amount</p> <p>7.2.1~7.2.2 (omitted)</p> <p>7.2.3 The acquisition or disposal of memberships, intangible asset or its right-to-use assets <u>shall be approved or recognized by the Board of Directors in accordance with these Procedures or other laws, the acquisition or disposal shall be approved by the Audit Committee and then submitted to the Board of Directors for discussion, subject to the provisions of Articles 16.2 to 16.4.</u> if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Board of Directors meeting. In addition, if the Company has independent directors, the Company shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposal of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their agreement or disagreement in the minutes of the meeting. If an audit committee has been established in accordance with the Securities and Exchange Act, major asset transactions shall be approved by at least one half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.</p>	<p>7 Procedures for the acquisition or disposal of intangible assets or its right-to-use assets or memberships.</p> <p>7.1 (Omitted)</p> <p>7.2 Procedures for determining the terms of the transaction and the authorization amount</p> <p>7.2.1~7.2.2 (omitted)</p> <p>7.2.3 The Company shall obtain the approval of the Audit Committee and then submit it to the Board of Directors for approval after the acquisition or disposal of memberships, intangible assets or its right-of-use assets is approved by the Audit Committee in accordance with the prescribed procedures or other legal requirements. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Board of Directors meeting. In addition, if the Company has independent directors, the Company shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposal of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their agreement or disagreement in the minutes of the meeting. If an audit committee has been established in accordance with the Securities and Exchange Act, major asset transactions shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.</p>	<p>Revise the wording of 7.2.3 Requirement for prior approval by the Audit Committee; delete the duplication with Article 16, and adopt the standard method instead.</p>

Amended Provisions	Current Provisions	Description
<p>11 Procedures for related party transactions</p> <p>11.1~11.4 (omitted)</p> <p>11.5 Where an audit committee has been established in accordance with the provisions of the Act, the matters for which 11.2 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of 16.2 to 16.4.</p> <p><u>11.6 If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in 11.2 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of 11.2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p>	<p>11 Procedures for related party transactions</p> <p>11.1~11.4 (omitted)</p> <p>11.5 Where an audit committee has been established in accordance with the provisions of the Act, the matters for which 11.2 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of 16 to 16.4.</p>	<p>Added a new provision 11.6 in accordance with the letter No. 1110380465 issued by the FSC Securities and Futures Bureau.</p>
<p>12 The calculation of the transaction amounts referred to in Article 5 to 7 and 11 shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which a professional appraiser has issued the appraisal report or a certified public <u>accountant</u> has issued an opinion in accordance with the Procedures are exempted from inclusion in the calculation. <u>The amount of the transaction has been submitted to the shareholders' meeting and the board of directors for approval in accordance with the provisions of Article 11 shall not be counted.</u></p>	<p>12 The calculation of the transaction amounts referred to in Article 5 to 11 shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which a professional appraiser has issued the appraisal report or a certified public accountant has issued an opinion in accordance with the Procedures are exempted from inclusion in the calculation.</p>	<p>1. The provisions of Articles 8-10 are related to debt transactions, derivative financial instruments transactions and mergers of financial institutions, and there is no application of this Article. Therefore, the content of the Article is amended to conform to the current situation.</p> <p>2. Amended in accordance with the letter No. 1110380465 issued by the FSC Securities and Futures Bureau.</p>
<p>16 Implementation and Amendment</p> <p>16.1 The Company's "Procedures for the Acquisition or Disposal of Assets" are approved by the Audit Committee and then submitted to the Board of Directors for approval and the shareholders' meeting for approval, and the same applies to amendments.</p> <p>16.2 Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets When submitting for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent</p>	<p>16 Implementation and Amendment</p> <p>The Company's "Procedures for the Acquisition or Disposal of Assets" are approved by the Audit Committee and then submitted to the Board of Directors for approval and the shareholders' meeting for approval, and the same applies to amendments.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's</p>	<p>New provision numbering and discretionary text.</p>

Amended Provisions	Current Provisions	Description
<p>director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>16.3</u> Resolution of the Audit Committee shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p> <p><u>16.4</u> "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.</p>	<p>opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Resolution of the Audit Committee shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.</p>	
<p>19 History This procedure became effective as of November 07, 2018. The first amendment was made on June 3, 2019. <u>The second amendment was made on June 27, 2022.</u></p>	<p>19 History This procedure became effective as of November 07, 2018. The first amendment was made on June 3, 2019.</p>	Revision history.

KURA SUSHI ASIA CO., LTD List of director candidates

Nominee Category	Name	Education	Work Experience	Current Position	Number of shares held on behalf of legal entities (Note)	Number of shares held on behalf of representative (Note)
Director	Representative of KURA SUSHI, INC.: Kentaro Nishikawa	Air Cargo Trade Division, Sundai College of Business & Foreign Languages	Purchasing Manager, KURA SUSHI, INC.	CEO, KURA SUSHI ASIA CO., LTD. Chairman, Kura Sushi Hong Kong Limited Chairman, Kura Sushi Shanghai Co., Ltd.	31,200,000	245,000
Director	Representative of KURA SUSHI, INC.: Kazuto Kondo	Osakahoritsukomuinsenmon School Department of Legal Administration	Sales Manager, KURA SUSHI, INC.	Deputy CEO, KURA SUSHI ASIA CO., LTD. CEO, Kura Sushi Shanghai Co., Ltd.	31,200,000	393,000
Director	Representative of KURA SUSHI, INC.: Kazuya Tamura	Department of Science and Engineering, Keio University	Associate, Deloitte & Touche	Chief Financial Officer, KURA SUSHI ASIA CO., LTD.	31,200,000	128,000
Director	Shinji Wanibe	-	Chairman, Watami (China) Co., Ltd. Chairman, Watami International Co., Ltd.	President, Oasis F&B Company Limited	-	-
Independent Director	Jason Liu	Department of Accounting, Soochow University	Deputy Associate, Deloitte & Touche Partner, KPMG	Partner, Moores Rowland CPAs Chairman, Chang Hong Investment Co., Ltd. Supervisor, Espoir Technology Co., Ltd. Supervisor, Espoir International Co., Ltd. Supervisor, Espoir Investment Co., Ltd. Supervisor, Espoir MRT Co., Ltd.	-	-
Independent Director	Jun Ishikawa	Graduate School of Accounting, Waseda University	Partner, YUSEI Audit	Chief of Japanese Service Dept., Crowe LLP Representative Director, Crowe ProC.A Chairman, Yi Si Man Co., Ltd. Director, Kawasaki Wood Worker Non-executive director, Asian Bridge Inc.	-	-
Independent Director	Claire Lin	Ph.D., Institute of Applied Biochemistry, Tokyo University of Agriculture	Group Manager, GN Resound Japan K.K (Yokohama)	Senior Researcher, Industrial Technology Research Institute Business Director, Industry Service Center Deputy Secretary General, Taiwan Plant Factory Industry Development Association	-	-

Note: The number of shares held as of April 29, 2022.

Chapter 4 Appendices

[Appendix I]

Prepared by	Management Department	Procedures for Acquisition and Disposal of Assets (Before Amendment)	No.	FI-B-017
Prepared on	2018.11.07		Page	11
Amended on	2019.06.03		Version	A1

1. Basis

To protect the interests of the Company and all shareholders and to implement the disclosure of information, the Company has established this procedure in accordance with the relevant laws and regulations.

2. Asset Scope

- 2.1 Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- 2.2 Real property (including land, houses and buildings, investment property) and equipment.
- 2.3 Memberships.
- 2.4 Intangible Assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- 2.5 Right-of-use assets.
- 2.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 2.7 Derivatives.
- 2.8 Assets acquired or disposed of by legal merger, division, acquisition or transfer of shares.
- 2.9 Other important assets.

3. Terminology

- 3.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- 3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- 3.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 3.4 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- 3.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required,

the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

- 3.6 Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
 - 3.7 "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
 - 3.8 "Latest financial report" refers to the financial reports certified or reviewed by certified public accountants and published before the acquisition or disposal of the assets.
 - 3.9 For the calculation of 10% of total assets, the total assets stated in the Company's most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. If the Company has issued shares without face value or at face values other than NT\$10 per share, the restriction on transaction amount reaching 20% of the paid-in capital, shall be calculated at 10% of the equity attributable to shareholders of the parent company.
 - 3.10 Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
 - 3.11 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
 - 3.12 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
- 4.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since the completion of service of the sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.
 - 4.2 Not a related party or de facto related party of the transaction counterpart.
 - 4.3 If the Company is required to obtain appraisal reports from two or more professional appraisers, the professional appraisers or appraisers may not be related parties or de facto related parties of each other.
 - 4.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding

paragraph shall comply with the following:

- 4.4.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - 4.4.2 When reviewing audit assignments, they shall plan and implement appropriate operating procedures to draw a conclusion as the basis of producing a report or expressing an opinion; and maintain a full record of the implementation procedures, gathered data, and conclusions in the worksheet.
 - 4.4.3 They shall assess the integrity, correctness and reasonableness of the data sources, parameters and information used on a case-by-case basis as the basis for issuing appraisal reports or written opinions.
 - 4.4.4 The declaration shall include the professionalism and independence of the relevant personnel, the assessment of the reasonableness and correctness of the information used and the compliance with the relevant laws and regulations.
- 5 Procedures for the acquisition or disposal of properties, equipment, other significant assets or right-to-use assets.
- 5.1 The Company acquires or disposes of properties, equipment, other significant assets or their right-to-use assets in accordance with the Company's internal control system properties, plants and equipment cycle procedures.
 - 5.2 Procedures for determining the terms of the transaction and the authorization amount
 - 5.2.1 Acquisition or disposal of real estate or right-to-use assets such as land, buildings, etc.: For the acquisition or disposal of real estate or right-to-use assets, an analysis report shall be prepared with reference to the announced present value, assessed value, actual transaction price of nearby real estate, etc., and resolution of the transaction conditions and transaction price, and the amount of which is less than NT\$150 million shall be submitted to the chairman of the board of directors for approval and shall be reported at the latest board of directors' meeting afterwards. If the amount exceeds NT\$150 million, it must be approved or acknowledged by the board of directors.
 - 5.2.2 Acquisition or disposal of other fixed assets, such as machinery and equipment, transportation equipment, production equipment and miscellaneous equipment, or their right-to-use assets shall be handled in accordance with the Company's "Property Management Regulations". If the transaction amount is less than NT\$150 million, the entity in charge of the transaction shall submit it to the chairman for approval; if the transaction amount reaches NT\$150 million or more, it shall be submitted to the board of directors for approval or recognition.
 - 5.2.3 The Company shall obtain the approval of the Audit Committee and then submit it to the Board of Directors for approval after the acquisition or disposal is approved by the Audit Committee in accordance with the prescribed procedures or other legal requirements. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Board of Directors meeting. In addition, if the Company has independent directors, the Company shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposal of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their agreement or disagreement in the minutes of the meeting. If an audit committee has been established in accordance with the Securities and Exchange Act, major asset transactions shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If

approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.

5.3 Execution Unit:

When the Company acquires or disposes of assets, the Company shall submit the approval in accordance with the aforementioned approval authority, and then the user and the management unit shall be responsible for the execution.

5.4 In acquiring or disposing of real estate or other equipment or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in-capital or exceeds NT\$300 million, the Company, unless transacting with a government agency, engaging others to build on the Company's own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, shall obtain an appraisal report from professional appraisers prior to the date of event and shall further comply with the following provisions:

- 5.4.1 If the transaction price is determined by referring to an attributive price or a specific price for a good cause, the transaction should be presented to the board of directors for resolution. Any changes in trading conditions thereafter should be handled in the same manner.
- 5.4.2 Where the transaction price exceeds NT\$1 billion, appraisal reports from two or more professional appraisers shall be required.
- 5.4.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal reports, unless all the appraisal reports for the assets to be acquired are higher than the transaction price, or all the appraisal reports for the assets to be disposed of are lower than the transaction price, a CPA shall be engaged to perform the appraisal in accordance with the provisions of No. 20 of the Statement of Auditing Standards published by the Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:
 - 5.4.3.1 The discrepancy between an appraisal report and the transaction price reaches 20% or more of the transaction price.
 - 5.4.3.2 The discrepancy between the appraisal reports of two or more professional appraisers reaches 10% or more of the transaction price.
- 5.4.4 No more than three months may elapse between the issuance date of the appraisal report by a professional appraiser and the contract execution date. However, if it is subject to the announced present value of the same period and that is not more than six months away, an opinion can be issued by the original appraiser.

6 Procedures for Acquisition and Disposal of Securities Investment

6.1 Procedure of Evaluation and Operation

The acquisition or disposal of the Company's securities shall be handled in accordance with the Company's internal control system investment cycle, the Investment Management Regulations, the Investment Management Regulations under the equity method and this Procedure.

6.2 Procedures for determining the terms of the transaction and the authorization amount

- 6.2.1 Trading of securities on the centralized trading market or at securities dealers' offices shall be determined by the responsible entity based on market conditions. For securities transactions that are not conducted in the centralized trading market or securities dealers' offices, the most recent audited or reviewed financial statements of the subject company shall be used as a reference for the transaction price, and an analysis report shall be prepared considering the net value per share, profitability, and future development potential of the subject company before the date of occurrence of the fact, in order to base on the decision.
- 6.2.2 For securities transactions that are acquired or disposed of by the Company, the most recent audited or reviewed financial statements of the subject company shall be used as a reference for the transaction price, and an analysis report shall be prepared considering the net value per share, profitability, and future development potential of the subject company before the date of occurrence of the fact.
- 6.2.3 For the acquisition or disposal of securities investment, except for the original stock investment (including the establishment of stock options and cash capital increase stock options), which should be submitted to the board of directors for approval or acknowledgement, the transaction amount should be approved by the supervisor of authority and responsibility as stipulated in the "Investment Management Regulations" before proceeding.
- 6.2.4 The Company shall obtain the approval of the Audit Committee and then submit it to the Board of Directors for approval after the acquisition or disposal of securities is approved by the Audit Committee in accordance with the prescribed procedures or other legal requirements. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Board of Directors meeting. In addition, if the Company has independent directors, the Company shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposal of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their agreement or disagreement in the minutes of the meeting. If an audit committee has been established in accordance with the Securities and Exchange Act, major asset transactions shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.
- 6.3 Execution Unit:
- When the Company acquires or disposes of marketable securities, the financial unit shall be responsible for the execution of such acquisition or disposal after submitting the approval in accordance with the preceding approval authority.
- 6.4 Gain Expert Opinion
- When the Company's acquisition or disposal of securities thereof exceeds 20% of the Company's paid-in-capital or NT\$300 million, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the date of event. The certified public accountant shall handle relevant matters

in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation. This requirement shall not apply to publicly quoted prices of an active market or is otherwise regulated by FSC.

7 Procedures for the acquisition or disposal of intangible assets or its right-to-use assets or memberships.

7.1 Procedure of Evaluation and Operation

The Company acquires intangible assets or its right-to-use assets or membership cards in accordance with these procedures.

7.2 Procedures for determining the terms of the transaction and the authorization amount

7.2.1 To acquire or dispose of a membership card, an analysis report shall be prepared and submitted to the president with reference to the fair market price, the transaction conditions and the transaction price, and the amount of which is less than one percent of the paid-in capital or NT\$30 million shall be submitted to the chairman for approval; if the amount exceeds NT\$30 million, it shall be submitted to the board of directors for approval.

7.2.2 When acquiring or disposing of an intangible asset or its right-to-use asset, an analysis report shall be prepared and submitted to the chairman of the board of directors with reference to expert appraisal reports or fair market value, and a decision on the transaction terms and price of the transaction shall be made, and if the amount is less than 10% of the paid-in capital or NT\$100 million, the approval of the chairman of the board of directors shall be sought and submitted to the board of directors at the most recent board of directors' meeting afterwards.

7.2.3 The Company shall obtain the approval of the Audit Committee and then submit it to the Board of Directors for approval after the acquisition or disposal of memberships, intangible assets or its right-of-use assets is approved by the Audit Committee in accordance with the prescribed procedures or other legal requirements. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to Board of Directors meeting. In addition, if the Company has independent directors, the Company shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposal of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their agreement or disagreement in the minutes of the meeting. If an audit committee has been established in accordance with the Securities and Exchange Act, major asset transactions shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.

7.3 Execution Unit:

When the Company acquires or disposes of memberships, or intangible assets, or its right-of-use assets, the Company shall submit the approval in accordance with the aforementioned approval authority, and then the department of use and the management, shall be responsible for the execution.

7.4 Professional opinion report on memberships or intangible asset or its right-to-use asset

- 7.4.1 The Company shall obtain an appraisal report from an expert if the transaction amount of the memberships acquired or disposed of reaches one percent of the paid-in capital or NT\$30 million or more.
- 7.4.2 The Company shall obtain an appraisal report from an expert if the transaction amount of the intangible assets or its right-of-use assets acquired or disposed of reaches ten percent of the paid-in capital or NT\$100 million or more.
- 7.4.3 When the Company's acquisition or disposal of memberships or intangible assets thereof, or membership exceeds 20% of the Company's paid-in-capital or NT\$300 million, unless the transaction is conducted with domestic government bodies, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the date of event.

8 Procedures for Acquisition or Disposal of Debts of Financial Institutions

In principle, the Company does not engage in transactions to acquire or dispose of the debentures of financial institutions. In the future, if the Company wishes to engage in transactions to acquire or dispose of the debentures of financial institutions, the Company will submit them to the board of directors for approval and then establish the evaluation and operating procedures.

9 Procedures for Acquisition and Disposal of Derivatives

In accordance with the Company's "Regulations Governing the Engagement in Derivative Commodity Transactions".

10 Procedure of Merger, demerger, acquisition, or transfer of shares.

10.1 Procedure of Evaluation and Operation

- 10.1.1 In the event of a merger, demerger, acquisition, or transfer of shares, the Company is encouraged to engage an attorney, accountant, and underwriter to discuss the estimated timetable for the statutory procedures and to organize an ad hoc group to carry out the procedures in accordance with the statutory procedures. The Company shall engage certified public accountants, lawyers or securities underwriters to express their opinions at board meetings regarding the reasonableness of the share exchange ratio, the acquisition price, or the amount of cash or property distributed to shareholders before the proposal is discussed and approved by the Board of Directors. However, the requirement of obtaining the aforementioned opinion on reasonableness issued by an expert may be exempted in the case of a merger between a public company and its subsidiary in which the public company holds directly or indirectly 100% of the subsidiaries' issued shares or capital, or between the subsidiaries of a public company in which public company holds directly or indirectly 100% of the subsidiaries' issued shares or capital.
- 10.1.2 The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual contents and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in Paragraph 1 when sending shareholders' meeting notification to the shareholders for reference in deciding whether to approve the merger, demerger, or acquisition. However, this restriction shall not apply in the event that a public company is exempt from convening a shareholders' meeting to approve the merger, demerger, or acquisition

under the provision of other laws or regulations. In addition, if any participants of the merger, demerger, or acquisition are unable to convene a shareholder meeting, produce a resolution, or if the motion is voted down by shareholders due to insufficient attendants, minimum votes, or other legal restrictions, the participants of the merger, demerger, or acquisition shall immediately announce to the public the causes, the subsequent actions, and the proposed date of the next shareholders' meeting.

- 10.1.3 The Company shall, within two days of the Board of Directors' resolution to approve a merger, demerger, acquisition or transfer of shares, report the same to the Internet Information System in the prescribed form.

10.2 Other Notes

- 10.2.1 Date of Board Meeting: A company participating in a merger, demerger, or acquisition shall convene a board meeting and shareholders' meeting on the same day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or competent authorities is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board meeting on the same day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

- 10.2.2 Prior Confidentiality Undertaking: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written agreement of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity-based securities of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

- 10.2.3 Principles for determining and changing the share exchange ratio or acquisition price: A company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the following circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- 10.2.3.1 Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.

- 10.2.3.2 The action of disposal of major assets that affects a company's financial operations.

- 10.2.3.3 The occurrence of major disasters and changes in technology that affects a company's shareholders' equity or securities price.

- 10.2.3.4 The adjustment of treasury stock repurchased lawfully by any company participating in the merger, demerger, acquisition, or transfer of shares.

- 10.2.3.5 Changes in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

- 10.2.3.6 Other terms or conditions that the contract stipulates may be altered and that have been publicly disclosed.

- 10.2.4 Contents of the contract: In addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the contract for the merger, demerger, acquisition or transfer of shares of the Company

shall set forth the following matters.

- 10.2.4.1 The handling of a breach of contract
 - 10.2.4.2 The principles for the handling of equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - 10.2.4.3 The principles for the handling of the amount treasury stock that the participating is permitted to buy back lawfully after the base date for the calculation of stock swap.
 - 10.2.4.4 The handling of the occurrence of changes in the number of participating entities or companies.
 - 10.2.4.5 Preliminary progress schedule for plan execution, and anticipated completion date.
 - 10.2.4.6 The handling of matters regarding the scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion.
- 10.2.5 In the event of a change in the number of companies involved in a merger, demerger, acquisition or transfer of shares: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- 10.2.6 In the event where a company participating in the merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the company and shall comply with the provisions of 10.2.1 Date of Board Meeting, 10.2.2 Prior Confidentiality Undertaking, and 10.2.5 Changes in the Number of Companies Participating in Merger, Demerger, Acquisition or Share Transfer.

11 Procedures for related party transactions

- 11.1 In addition to the acquisition or disposal of assets by the Company and its related parties in accordance with Articles 5 to 7 and the procedures set forth in this Article, the Company shall follow the resolution procedures and evaluate the reasonableness of the transaction terms in accordance with the following provisions In addition, when determining whether the counterparty is a related party, we should consider the substance of the relationship in addition to the legal form of the transaction. If the transaction amount of the Company's acquisition or disposal of assets from or to a related party exceeds 10% of this Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an opinion by the CPA in accordance with Article 6.

11.2 Procedure of Evaluation and Operation

Except for the trading of domestic government bonds or RP/RS bonds, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, in acquiring or disposing the real estate or other right-of-use assets thereof from or to a related party, or acquiring or disposing the assets other than real estate or the right-of-use assets thereof from or to a related party, and the transaction amount exceeds

- 20% of the Company's paid-in-capital, 10% of the Company's total assets, or NT\$300 million, the Company may not proceed with the execution of a transaction contract or making any payment before the following information has been submitted for the approval of Board of Directors.
- 11.2.1 The purpose, necessity, and expected benefits of the acquisition or disposal of assets.
 - 11.2.2 The reasons for selecting the related party as the trading counterpart.
 - 11.2.3 The appraisal of reasonableness of the preliminary transaction terms and conditions regarding the acquiring of the real estate or the right-of-use assets thereof from a related party in accordance with Paragraphs 4 of this Article.
 - 11.2.4 The matters of the related party's original acquisition date and price, counterparty, and the relationship with the Company and the related party.
 - 11.2.5 The monthly cash income and expense forecast within the year from the month of the contract signed; also, the assessment of the necessity of the trade and the reasonableness of the use of funds.
 - 11.2.6 Appraisal reports from the professional appraisers or opinions of the CPAs acquired in accordance with 11.1.
 - 11.2.7 The restrictions and other important stipulations of the transaction.
- 11.3 When conducting the following transactions between the Company, its subsidiaries, or its subsidiaries in which it holds directly 100% of the issued shares or total capital, the Board of Directors may authorize the Chairman to decide such matters and subsequently report to the most recent Board of Directors for ratification if the transaction is within a certain amount:
- 11.3.1 Acquisition or disposal of equipment for business use or right-of-use assets thereto.
 - 11.3.2 Acquisition or disposal of right-of-use real estate for business use.
- 11.4 Evaluation of the reasonableness of transaction costs
- 11.4.1 When the Company acquires real estate or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:
 - 11.4.1.1 Based upon the related party's transaction price plus necessary interest on funding and buyer's cost by law. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - 11.4.1.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have exceeded 70% of the financial institution's appraised total value of the property and the period of the loan shall have exceeded 1 year. However, it is not applicable if the financial institution and the counterparty are related to one another.
 - 11.4.2 Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
 - 11.4.3 When the Company acquires real estate or its right-to-use assets from related parties, the cost of the real estate or its right-to-use assets shall be evaluated in accordance with 11.4.1 and 11.4.2, and an accountant shall be consulted to review and express

specific opinions.

- 11.4.4 If the Company acquires real estate or its right-to-use assets from a related party in accordance with 11.4.1 and 11.4.2 and the appraisal results are lower than the transaction price, the Company shall comply with 11.4.5. However, as a result of the following circumstances and with the objective evidence presented and an appraisal report collected from the professional real estate appraiser and a reasonable opinion issued by the CPAs, it is not subject to the limitations:
 - 11.4.4.1 Related party that has obtained prime land or rental land for construction may submit the proof of compliance with any one of the following conditions:
 - 11.4.4.1.1 The prime land is assessed in accordance with the methods referred to in preceding article. The house's sum of the construction costs and a reasonable construction profit exceeds the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - 11.4.4.1.2 Completed transactions by unrelated parties within a year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar to the reasonable price discrepancies in floor area or land prices in accordance with standard property market sale or leasing practices.
 - 11.4.4.2 The Company provides proof that the terms of the acquisition of real estate or leasing the right-of-use assets from the related party are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of similar size by unrelated parties within a year. The aforesaid "Completed transactions involving neighboring or closely valued parcels of land" refers to parcels on the same or an adjacent block and within a radius of no more than 500 meters or parcels similar in publicly announced current value. "Land of a similar size" refers to completed transactions of unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. "Within a year" refers to a period of one year calculated retroactively from the date of event of the acquisition of real estate or the right-of-use assets thereto.
- 11.4.5 The following shall be adopted in the event where the appraisal reports conducted in accordance with 11.4.1 and 11.4.2 is lower than the transaction price in acquisition of real estate or the right-of-use assets thereto from a related party by the Company:
 - 11.4.5.1 A special reserve shall be set aside in accordance with Article 41, Paragraph the Securities and Exchange Act against the difference between the transaction price and appraised cost of the real estate or the right-of-use assets thereof and that amount may not be distributed or used for capital increase or issuance of bonus shares. Where the investment of the Company uses the equity method to account for its investment in another company, a special reserve shall be set aside pro rated in a proportion consistent with the share of Company's equity stake in the other company in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act.
 - 11.4.5.2 Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply *mutatis mutandis* to the independent director members of the audit

committee.

- 11.4.5.3 Actions taken pursuant to 11.4.5.1 and 11.4.5.2 shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- 11.4.6 The Company and the public companies whose investments are accounted for by the equity method as described above (i.e., 11.4.5.1) shall not utilize the special reserve until the Company has recognized a decline in value or disposed of the assets acquired or leased at a higher price or terminated the lease or provided appropriate compensation or reinstatement, or when there is other evidence that the special reserve is not unreasonable, and the Securities and Futures Commission of the Ministry of Finance has approved the special reserve. The special reserve may be used only after the Securities and Futures Commission of the Ministry of Finance agrees.
- 11.4.7 In the event where there is evidence indicating that the acquisition of the real estate or other right-of-use assets thereof from a related party was not an arm's length transaction, relevant matters shall be handled in accordance with 11.4.5.
- 11.4.8 If the Company acquires real estate or right-to-use assets from a related party under any of the following circumstances, the Company shall comply with the provisions of 11.1 and 11.2 regarding evaluation and operating procedures, and the provisions of 11.4.1, 11.4.2 and 11.4.3 regarding the evaluation of the reasonableness of transaction costs shall not apply.
 - 11.4.8.1 The related party acquired the real estate or the right-of-use thereof through inheritance or as a gift.
 - 11.4.8.2 More than five years have elapsed from the time the related party signed the contract to obtain the real estate or the right-of-use assets thereto to the signing date of the transaction.
 - 11.4.8.3 The real estate is acquired through signing a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.
 - 11.4.8.4 The acquisition or disposal of the right-of-use assets of real estates between the Company and its parent or subsidiaries, or between its subsidiaries in which it holds directly 100% of the issued shares or capital.
- 11.5 Where an audit committee has been established in accordance with the provisions of the Act, the matters for which 11.2 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of 16 to 16.4.
- 12 The calculation of the transaction amounts referred to in Article 5 to 11 shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which a professional appraiser has issued the appraisal report or a certified public accountant has issued an opinion in accordance with the Procedures are exempted from inclusion in the calculation.
- 13 Public Disclosure Procedures
 - 13.1 Announcement of disclosure item and announcement declaration standards
 - 13.1.1 Acquisition or disposal of real estate or the right-of-use assets thereof from or to a

related party, or acquisition or disposal of assets other than real estate or the right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the total assets, or NT\$300,000,000 or more, but not subject to the trading of domestic government bonds or RP/RS bonds, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- 13.1.2 Merger, demerger, acquisition, or transfer of shares.
- 13.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- 13.1.4 Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - 13.1.4.1 For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - 13.1.4.2 For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- 13.1.5 Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- 13.1.6 Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- 13.1.7 Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - 13.1.7.1 Trading of domestic government bonds.
 - 13.1.7.2 Where done by professional investors—securities trading on foreign or domestic securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - 13.1.7.3 Trading of RP/RS bonds or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- 13.1.8 The amounts of the foregoing transactions are calculated as follow, “within a year” mentioned in the preceding subparagraph refers to a period of one year calculated

retroactively from the date of event of the transaction. Amounts already publicly announced are exempted from inclusion in the calculation.

13.1.8.1 Amount of each transaction

13.1.8.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterpart within a year.

13.1.8.3 The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of real estate or the right-of-use assets thereof in the same development project within a year.

13.1.8.4 The cumulated amount of the acquisition and disposal (cumulative acquisitions and disposals, respectively) of the same securities within a year.

13.2 Time limit for making announcement and declaration

If the Company acquires or disposes of assets with the first item of this Article that should be announced and the transaction amount reaches the standard that should be announced and reported in this Article, the Company shall make an announcement and report within two days from the date of occurrence of the fact.

13.3 Announcement and reporting procedures

13.3.1 The Company shall report the relevant information in the announcement on the website designated by the Securities and Futures Commission.

13.3.2 The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

13.3.3 When the Company announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

13.3.4 The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

13.3.5 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

13.3.5.1 The originally signed trade contract is modified, terminated, or revoked.

13.3.5.2 Merger, demerger, acquisition, or transfer of shares is not completed by the deadline set forth in the contract.

13.3.5.3 Changes are made to the content of the original public announcement and regulatory filing.

14 The Company's subsidiaries shall comply with the following regulations:

14.1 The subsidiaries shall also establish "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" and submit them to the shareholders' meeting and the board

of directors of the parent company after they have been approved by the board of directors of the subsidiaries, and the same applies to any amendments.

14.2 If a subsidiary, which is not a public company, acquires or disposes of assets that meet the announcement and reporting standards set forth in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the parent company shall also file the announcement and reporting on behalf of the subsidiary.

14.3 The reporting standards for the announcement of subsidiaries are based on the Company's paid-in capital or total assets.

15 For the Company's acquisition or disposal of assets through court auction procedures, the evidentiary documentation issued by the court may be used in place of the appraisal report or CPA opinion.

16 Implementation and Amendment

The Company's "Procedures for the Acquisition or Disposal of Assets" are approved by the Audit Committee and then submitted to the Board of Directors for approval and the shareholders' meeting for approval, and the same applies to amendments.

Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Resolution of the Audit Committee shall be approved by at least one-half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All audit committee members" mentioned above and "all Directors" mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.

17 Penalty

If the Company's managers and organizers violate these procedures and the related laws and regulations, they shall be punished in accordance with the Company's Reward and Punishment Act according to the severity of the situation.

18 Supplementary Provisions

Any matters not covered by this procedure shall be handled in accordance with the relevant laws and regulations.

19 History

This procedure became effective as of November 07, 2018.

The first amendment was made on June 3, 2019.

Prepared by	Management Department	Rules for Election of Directors	No.	FI-B-028
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1. Scope Except otherwise provided by relevant laws or the Company's Articles of Incorporation, the election of the directors of the Company shall comply with the Rules for Election of Directors 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 the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
 - 2.1.1 Basic qualification and value: Gender, age, nationality, and culture.
 - 2.1.2 Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.
 - 2.2 All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. The entire Board of Directors shall possess the following abilities:
 - 2.2.1 Capability to make sound business judgments
 - 2.2.2 Accounting and financial analysis capabilities
 - 2.2.3 Business management ability
 - 2.2.4 Crisis management capability
 - 2.2.5 Industrial knowledge
 - 2.2.6 Global market viewpoint
 - 2.2.7 Leadership skills
 - 2.2.8 Capability to make decisions
 - 2.3 More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
 - 2.4 The Company's Board of Directors shall consider adjusting its composition based on the results of performance evaluation.
- 3 Qualifications and election of independent directors
 - 3.1 When the Company has established an independent director system, the qualifications of its independent directors shall be in compliance with the provisions of Article 2 to 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".
 - 3.2 When the Company has established an independent director system, the election of its independent directors shall be in compliance with the provisions of Article 5, Article 8, and Article 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and shall

be conducted in accordance with Article 24 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.

4 Rules for election of directors

4.1 The election of directors shall be conducted in accordance with the procedures of the candidate nomination system prescribed in Article 192-1 of the Company Act.

4.2 When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed in the Company’s articles of incorporation, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

4.3 Where the number of the independent directors falls below that required under the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancies. When the independent directors are dismissed en masse, a provisional shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

5 Methods for electing directors

The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

6 The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

7 The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairperson drawing lots on behalf of any person not in attendance.

8 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

9 A ballot shall be invalid if any of the following circumstances:

9.1 A ballot was not prepared by the members with the convening right.

9.2 A blank ballot thrown into the ballot box;

9.3 Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.

9.4 Where the candidate voted for is a shareholder of the Company, such candidate's account name and shareholder account number filled in the ballot is inconsistent with that on the shareholder registry. Where the candidate voted for is not a shareholder of the Company, such candidate's name or ID number is verified to be incorrect.

9.5 Any ballot with characters other than the allocated number of voting rights.

- 10 Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors including number of votes shall be announced by the Chairman. The ballots shall be sealed and signed off by the ballot inspectors and be kept for at least a year. In the event of a lawsuit regarding the Directors election under Article 189 of the Company Law, those ballots shall be archived until the conclusion of the lawsuit.
- 11 The Board of Directors of the Company shall deliver a written notification to each of the elected directors.
- 12 These rules and any amendments thereafter shall become effective upon resolution at the shareholders meeting.
- 13 Initial formulation: Adopted by the Board of Directors (on behalf of shareholders meeting) on November 07, 2018.

First amendment: Approved by the shareholders meeting on July 27, 2021.

KURA SUSHI ASIA CO., LTD.

Rules of Procedures for Shareholders Meeting

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Company's shareholders meetings, and to strengthen management capabilities, these rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these rules.
- Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
- This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of an annual shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the annual shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
- The cause or subject of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient thereof.
- Election/dismissal of Directors, changes in the Articles of Incorporation, capital reduction, application of halting public offering, permission for the Directors to compete with the Company, capitalization of retained earnings, capitalization of capital reserves, dissolution/merging/splitting of the Company, or all items pertaining to Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or items pertaining to Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions.
- Where the reasons for convening the shareholders meeting already specifies the election of all Directors and the date elected Directors take office, once the election is completed in the shareholders meeting, the date the elected Directors take office may not be changed by extempore motions or other methods in the same meeting.
- A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Shareholders may submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. Only one matter shall be allowed in each proposal pursuant to Article 172-1 of the Company Act. Where a proposal contains more than one matter, such proposal would not be included in the agenda. Prior to the book closure date before an annual shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, in written or electronic method, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual shareholders meeting and take part in discussion of the proposal.
- Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

- Article 4 For each event of a shareholders meeting, a shareholder may issue a proxy in the form printed by the Company to expressly stipulate the scope of authorized powers to authorize representative(s) to attend a shareholders meeting on his or her behalf. A shareholder shall issue power of attorney and designated one proxy only, and shall deliver the power of attorney to the Company five days before the shareholders meeting. If more than one power of attorney is delivered, the earliest one received by the Company shall prevail. However, this restriction does not apply when a statement is made to revoke the earlier power of attorney. Where a shareholder intends to personally attend the shareholders meeting or exercises voting rights by correspondence or electronic transmission after delivering the power of attorney to the Company, the shareholder shall provide, two days before the date of the shareholders meeting, a printed notification to the Company for rescinding the said power of attorney. Where the period for rescinding the power of attorney has expired, the voting right exercised by the designated agent attending the meeting shall prevail.
- Article 5 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 6 The Company shall, in the notice of the shareholders meeting, specify the time and place for shareholder registration, and other important matters. Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staff at the registration desk. A shareholder attending the meeting in person or a commissioned agent attending on behalf of a shareholder (hereinafter referred to as "shareholders") shall provide an attendance pass, attendance sign-in card, or other form of attendance identification document to attend the shareholders meeting. A solicitor soliciting a letter of attorney shall also provide a personal identification document for verification. The Company shall provide an attendance register for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of signing the register. The Company shall deliver the meeting agendas, annual reports, attendance cards, speaker's slip, votes, and other meeting materials to the shareholders attending the shareholders meeting. If there are Directors to be elected, the ballots shall also be provided. When a government or a juristic person is a shareholder, there may be more than one representative attending the shareholders meeting. If a juristic person is entrusted to attend the shareholders meeting, such juristic person may only appoint one person to be its representative at the meeting.
- Article 7 If a shareholders meeting is convened by the board of directors of the Company (the "Board" or "Board of Directors"), the Chairman of the Board shall preside at such meeting. If the Chairman of the Board is on leave or unable to exercise his powers and duties for any reason, the Vice Chairman of the Board shall preside at such meeting. The Chairman of the Board shall designate a managing director to preside as the chairman if a Vice Chairman is not appointed, or if the Vice Chairman of the Board is on leave or unable to exercise his powers and duties for any reason. If no managing director of the Company is appointed, the Chairman of the Board shall designate a director to preside as the chairperson. If the Chairman of the Board fails to designate a chairperson for the meeting, the managing director or the directors shall nominate one from among themselves to preside at the meeting. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same requirements shall apply if the chairperson for the meeting is a director representative of a juristic person. For a shareholders meeting convened by the Board of Directors, it is preferable for more than half of the directors of the Board of Directors to attend the meeting. If a shareholders meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. The Company may appoint the retained Attorney(s)-at-Law, Certified Public Accountant(s), or relevant personnel to participate in a shareholder meeting as an observer.
- Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

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

- Article 9 The attendance by shareholders shall be duly calculated based on the number of shares they hold. The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet. The chairperson shall call the meeting to order at the time scheduled for the meeting, as well as announcing information such as the number of shares with no voting right and shares present. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements, the chairperson may announce that the meeting should be canceled. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- Article 10 If a shareholders meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors. All relevant proposals (including extraordinary motions and amendments to the original proposals) shall be decided on a case-by-case basis. The meeting shall be conducted according to the scheduled agenda, and shall not be changed, unless otherwise resolved at the shareholders meeting. The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting. The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda set out in the preceding two paragraphs (including extempore motions), except upon a resolution adopted by the shareholders meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, other members of the Board of Directors shall promptly assist the shareholders present in electing a new chairperson in accordance with the statutory procedures. The meeting shall continue after a chairperson is elected with the approval of more than half the voting rights represented by the shareholders present. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; where the chairperson believes an issue has been discussed in the meeting up to the level for voting, the chairperson may announce discontinuance of the discussion process and bring that issue to a vote, and arrange a sufficient voting time.
- Article 11 Prior to speaking at the meeting, an attending shareholder shall submit a slip of paper summarizing his/her/its comments and/or questions and specifying his/her/its shareholder account number (or the attendance ID number) and the account name of the shareholder, in order for the chairman to determine the speaking order. An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations. In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same issue. After the speech is given by an attending shareholder, the chairman may personally respond or designate relevant personnel to respond.
- Article 12 The voting by shareholders shall be duly calculated based on the number of shares they hold.

With respect to the resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, such a shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.

The number of shares with voting rights that cannot be exercised in the preceding paragraph shall not be counted as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall have one voting power in respect of each share; however, this limit is not applicable to those who are restricted, or who do not have the right to vote under Article 179, Paragraph 2 of the Company Act.

When the Company convenes a shareholders meeting, shareholders may exercise their voting power in writing or by way of electronic transmission; the method of exercising their voting power shall be described in the shareholders meeting notice. A shareholder who exercises his/her voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders meeting in person. However, the shareholder shall be deemed to have forfeited voting rights for extempore motions or for amendments to the original proposals. Hence, the Company is advised to avoid proposing extempore motions or amending the original proposals. A shareholder intending to exercise voting rights by correspondence or electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this restriction does not apply when a declaration is made to cancel an earlier declaration of intent.

After the shareholders exercise their voting rights by correspondence or electronic transmission, if they want to attend the shareholders meeting in person, they shall cancel the declaration of intent in the preceding paragraph in the same manner as exercising the voting rights two days before the shareholders meeting. Where the period for cancellation has expired, voting rights exercised by correspondence or electronic transmission shall prevail. If the voting rights are exercised by correspondence or electronic transmission and a proxy is designated to attend the shareholders meeting by the power of attorney, the voting rights exercised by the attending proxy shall prevail.

Except as otherwise provided under the Company Act and/or the Company's Articles of Incorporation, a resolution shall be adopted with the approval of more than one-half of the votes of the shareholders present. An issue is deemed to have been duly resolved after the chairperson enquires from all participants but no objection is heard. The validity of the decision so resolved is equally valid as a decision duly resolved through the balloting process.

In the event that an amendment or a substitute comes out of the same issue, the chairperson shall fix the order of balloting in consolidation with the original issue. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.

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

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

Article 14

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 July 27, 2021.

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

Chapter 1 General Provisions

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

Chapter 2 Share

- Article 5 The total amount of the Company's reinvestment is not subject to the limit of 40% of the paid-in capital, as dictated by Article 13 of the Company Act.
- Article 6 The Company has obtained external fund loans and endorsements due to business and investment relationships, and its operations have been handled in accordance with the Company's "Fund Loan to Others Operating Procedures" and "Endorsement Operating Procedures".
- Article 7 The total capital of the Company is set at NT\$600 million, which is divided into 60 million shares with a par value of NT\$10. The Board of Directors is authorized to issue the unissued in installments after resolution.
- Article 8 The Company may issue employee stock option certificates, convert the share quota, retain 4.5 million shares within the total share quota in the previous article for employees to issue shares to exercise the subscription rights, and authorize the Board of Directors to decide to issue them in installments after resolution. The recipients of employee dividends may include the employees of controlling or subordinate companies that meet certain conditions, and the conditions and methods shall be set by the Board of Directors.
- Article 9 The Company's stock shall generally be registered, and at least three of the Company's directors shall sign or affix their seals to shares. Stock shall be issued after attestation by the competent authority or an issuance attestation organization approved by the competent authority, but they can be exempted from being printed.
- Article 10 The change of the record in the shareholder register shall be handled in accordance with Article 165 of the Company Act. After the Company's public offering of shares, the Company shall take charge of stock affairs in accordance with the "Regulations Governing Stock Affairs of Public Companies" and relevant laws and regulations.

Chapter 3 Shareholders Meeting

- Article 11 There are two types of shareholders meetings of the Company, the annual meeting and special meeting. Annual meeting shall be convened by the Board of Directors annually within six (6) months after the end of each fiscal year, and special meetings shall be convened in accordance with the law when necessary.
- Article 12 The convening of the shareholders meetings shall be handled in accordance with Article 172 of the Company Act. With the consent of the addressee, the notice of a shareholders meeting may be given in electronic form.
- Article 13 Unless otherwise provided by the Company Act, the shareholders meetings shall be convened by the Board of Directors and chaired by the Chairman. If the Chairman of the Board is on leave or unable to exercise his powers and duties for any reason, the chairperson of the meetings shall be appointed pursuant to Article 208 of the Company Act. If a shareholders meeting is convened by a party with the power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 14 When a shareholder is unable to attend the shareholders meeting for some reason, power of attorney issued by the Company shall be issued, specifying the scope of authorization, signed or stamped to entrust a proxy to attend the shareholders meeting. The rules and regulations for shareholders' proxy attendance shall be handled in accordance with Article 177 of the Company Act. After the public offering of the Company's shares, the rules and regulations for shareholders' proxy attendance shall be governed by the "Regulations Governing the Use of Proxies for Attendance at Shareholders Meetings of Public Companies" prescribed by the competent authority.
- Article 15 All shareholders are entitled to one vote for every share held, except for the circumstances stipulated in Article 179 of the Company Act.
- Article 16 Except as otherwise provided by the Company Act, the resolutions of the shareholders meeting shall be adopted upon the approval of a majority of the voting shares present at the meeting, which is attended by holders of a majority of the total issued and outstanding shares of the Company.
- Article 17 After the Company is listed on TWSE or TPEx, electronic methods shall be listed as one of the channels for shareholders to exercise their voting rights, and the method of exercise shall be stated in the notice of shareholders meeting. Those exercising their voting rights electronically shall be deemed equal to those shareholders present at the meeting, and all relevant matters shall be processed according to legal regulations.
- Article 18 The resolutions of the shareholders meeting shall be recorded in minutes, signed or stamped by the chairman, and distributed to shareholders within 20 days after the meeting. The minutes shall be produced and distributed electronically. The distribution of meeting minutes after the public issuance of the Company's shares may be conducted through public announcement.
- Article 19 After the public issuance of the Company's shares, when the Company proposes to cancel public offering, the proposal shall obtain the resolution adopted by shareholders meeting in accordance with the Company Act.

Chapter 4 Directors, Audit Committee, and Other Functional Committees

- Article 20 The Company shall have five to seven directors, who shall be elected from legally competent persons at the shareholders meeting and hold office for three years, and re-elected directors may serve consecutive terms. After the Company's public offering, there shall be at least two independent directors among the number of directors to be elected referred to in the preceding paragraph, and the independent directors shall represent at least one-fifth of the Board of Directors. The independent directors shall be elected at the shareholders meeting using the candidate nomination system and from among a

list of candidates. The professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the independent directors, and other related matters shall comply with applicable laws and regulations prescribed by the competent authority. After the Company's public offering, the total number of registered shares held by all directors shall not be lower than a certain percentage of issued shares required by the competent authority. The registered cumulative voting system shall be adopted for election of directors of the Company. After the Company is listed on TWSE/TPEX, the election of directors shall adopt the candidate nomination system.

- Article 21 The Company's Board of Directors may set up an audit committee or other functional committees subject to the needs of business operations. The establishment and powers of the relevant committees shall be carried out in accordance with the regulations set by the competent authority.
- Article 22 The directors shall elect from among themselves a Chairman of the Board of Directors by a majority vote at a meeting attended by over two-thirds of all the directors. The Chairman of the Board of Directors shall represent the Company externally and execute all affairs of the Company in accordance with the laws, these Articles of Incorporation, and the resolutions of the shareholders meeting and Board of Directors. The notices of a board meeting shall expressly indicate the subject(s) of the meeting and be served to all directors seven days prior to the date scheduled for the meeting. In case of an emergency, a board meeting may be convened at any time. The notice of convening a board meeting in the preceding paragraph shall specify the reason, and it shall be made in writing, email, or fax. The Company may, through the Board of Directors' resolution, purchase liability insurance for directors and important employees during their term of office for the scope of their execution of the business scope in accordance with the law.
- Article 23 Unless otherwise stipulated in the Company Act, the Board of Directors' resolutions shall be adopted by the majority of the directors and agreed by the majority of the directors present. If the directors are unable to attend a board meeting in person for some reason, in accordance with Article 205 of the Company Act, they shall entrust other directors to attend the board meeting. When the Chairman of the Board of Directors asks for leave or is unable to exercise his powers for some reason, his agency shall be handled in accordance with Article 208 of the Company Act. If participation by means of video conferencing is made available at a meeting, directors who participate in the meeting by such means shall be deemed to have attended such meeting in person. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each director within 20 days after the conclusion of the meeting.
- Article 24 The Board of Directors is authorized to determine upon the remunerations for all directors according to their participation in and contribution to the Company operation and with reference to the common remuneration level of counterparts in the industry.

Chapter 5 Managerial Officers

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

Chapter 6 Accounting

- Article 26 The Company's fiscal year is from January 1 to December 31 of each year. The following documents shall be compiled by the Board of Directors at the end of each fiscal year and submitted to the Audit Committee for review thirty days before the annual shareholders meeting, and the Audit Committee will issue a report and submit the same to the shareholders meeting for recognition: (1) Business report (2) Financial statements (3) Distribution of earnings or appropriation of losses.

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

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

Chapter 7 Supplementary Provisions

- Article 29 Matters not specified in these Articles of Incorporation shall be governed by the Company Act.
- Article 30 These Articles of Incorporation were adopted on January 7, 2014. The first amendment was made on July 31, 2014. The second amendment was made on December 16, 2015. The third amendment was made on June 30, 2016. The fourth amendment was made on November 1, 2016. The fifth amendment was made on June 29, 2018. The sixth amendment was made on November 7, 2018. The seventh amendment was made on June 3, 2019.

KURA SUSHI ASIA CO., LTD.

Shareholding Status of Directors

- I. The number of shares issued by the Company is 46,280,000 shares. The minimum total number of shares to be held by all the directors shall be 3,702,400 shares.
- II. As of the book closure date for this annual shareholders meeting on April 29, 2022, 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	67.42%
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	67.42%