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June 8, 2022

**Consolidated Financial Results  
for the Six Months Ended April 30, 2022  
(Based on Japanese GAAP)**

Company name:	Kura Sushi, Inc.
Stock exchange listing:	Tokyo
Stock code:	2695
URL:	<a href="https://www.kurasushi.co.jp/">https://www.kurasushi.co.jp/</a>
Representative:	Kunihiko Tanaka, President
Inquiries:	Kyoichi Tsuda, Director & General Manager Accounting Division
TEL:	072-493-6189
Scheduled date to file Quarterly Securities Report:	June 10, 2022
Scheduled date to commence dividend payments:	—
Preparation of supplementary material on quarterly financial results:	Yes
Holding of quarterly financial results meeting:	Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

**1. Consolidated financial results for the six months ended April 30, 2022 (from November 1, 2021 to April 30, 2022)**

**(1) Consolidated operating results (cumulative)**

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended April 30, 2022	89,312	19.7	323	(24.6)	3,507	196.0	2,201	229.2
Six months ended April 30, 2021	74,620	14.2	428	—	1,185	—	668	—

Note:	Comprehensive income	Six months ended April 30, 2022	¥3,007 million	(357.9%)
		Six months ended April 30, 2021	¥656 million	(-%)

	Earnings per share	Diluted earnings per share
Six months ended April 30, 2022	Yen 55.49	Yen 55.42
Six months ended April 30, 2021	16.89	16.83

Note: Kura Sushi, Inc. (the “Company”) implemented a 2-for-1 stock split of its common shares as of May 1, 2021. Under the assumption that such stock split was implemented at the beginning of the previous fiscal year, the Company calculates “earnings per share” and “diluted earnings per share.”

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of April 30, 2022	104,076	57,170	48.3
As of October 31, 2021	98,989	54,657	48.7

Reference: Equity

As of April 30, 2022

¥50,247 million

As of October 31, 2021

¥48,238 million

**2. Cash dividends**

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2021	—	0.00	—	20.00	20.00
Fiscal year ending October 31, 2022	—	0.00			
Fiscal year ending October 31, 2022 (Forecast)			—	20.00	20.00

Note: Revisions to most recently published dividend forecast: No

**3. Forecasts of consolidated earnings for the fiscal year ending October 31, 2022 (from November 1, 2021 to October 31, 2022)**

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	188,869	28.0	2,827	—	4,955	56.1	2,878	51.4	72.63

Note: Revisions to most recently published performance forecast: No

## Notes

- (1) Changes in significant subsidiaries during the six months ended April 30, 2022  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
  - 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - 2) Changes in accounting policies due to other reasons : No
  - 3) Changes in accounting estimates : No
  - 4) Restatement of prior period financial statements : No

Note: For more details, refer to page 9 of the attachment, “2. Quarterly consolidated financial statements and primary notes, (4) Notes to quarterly consolidated financial statements (Changes in accounting policies).”

- (4) Number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares)

As of April 30, 2022	41,399,600 shares
As of October 31, 2021	41,399,600 shares

- 2) Number of treasury shares at the end of the period

As of April 30, 2022	1,711,957 shares
As of October 31, 2021	1,743,030 shares

- 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended April 30, 2022	39,671,530 shares
Six months ended April 30, 2021	39,584,662 shares

Note: The Company implemented a 2-for-1 stock split of its common shares as of May 1, 2021. Under the assumption that such stock split was implemented at the beginning of the previous fiscal year, the Company calculates the “average number of shares during the period.”

- \* Summaries of quarterly financial statements are not subject to quarterly reviews by a certified public accountant or audit corporation.

- \* Explanation on the proper use of earning forecasts and other special notes

Earnings forecasts and other forward-looking statements in this material are based on data currently available to management and certain assumptions that management believes are reasonable. Actual results may therefore differ materially from these statements for various reasons. For preconditions for earnings forecasts and other related matters, refer to page 4, “1. Qualitative information on quarterly financial results, (3) Explanation of future forecast data including forecasts of consolidated earnings.”

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## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

As for the Japanese economy during the six months ended April 30, 2022 (from November 1, 2021 to April 30, 2022), requests for voluntary restraint such as to shorten business hours at restaurants in order to prevent the spread of COVID-19 were eased, and signs of recovery with personal consumption began to be seen toward the end of 2021. However, starting in January 2022, as the Omicron variant began to spread rapidly, semi-emergency coronavirus measures were implemented, and consumer spending remained sluggish as people refrained from going out. On the other hand, there was a rapid economic recovery from COVID-19 in the United States, and consumer activities also remained strong in Taiwan.

In addition to shortened business hours, the business environment in the food service industry remained difficult due to soaring resource prices related to rising geopolitical risks and rising prices related to supply chain disruptions.

In such situation, the Company group introduced a contactless service system with self-settlement and self-checkout functions for all domestic restaurants allowing customers to eat and drink without having to be in contact with employees the whole time they are in the restaurant, creating a safe, contactless environment. At the same time, effort was made to improve customer satisfaction by making the dining experience even smoother.

As for store development, a total of 26 restaurants were opened (17 locations in Japan, 4 in the United States, and 5 in Taiwan) with a stable financial base in consideration of COVID-19 becoming under control in the future. The number of stores at the end of the second quarter of the current fiscal year was 593, all directly owned (including 4 Mutenkura stores, 1 KURA Natural Fish Market store, 36 U.S. stores and 45 Taiwan stores).

The capital expenditures amounted to equipment and constructions in line with new openings of ¥6,228 million, facilities, etc. for existing stores of ¥896 million, and others of ¥280 million, totaling ¥7,404 million.

Based on the above, net sales for the consolidated financial results of the six months ended April 30, 2022 reached a record high of ¥89,312 million (up 19.7% year on year). Ordinary profit was ¥3,507 million (up 196.0%) and profit attributable to owners of parent was ¥2,201 million (up 229.2%).

The financial results by segment are as follows:

#### 1) Japan

The business environment remained difficult with factors such as the semi-emergency coronavirus measures implemented by the government in January 2022, in response to the rapid spread of the Omicron variant. This affected about 90% of our stores by shortened business hours, until the measures were lifted in March 2022. Number of customers at the stores has recovered since.

Various menu proposals were made during the six months ended April 30, 2022 to increase customer satisfaction.

While it became difficult to secure raw materials due to disruptions with the distribution network, we held monthly fairs such as the “Crab Fair,” “Otoro and Ehime Prefecture Fair,” with fatty tuna and ingredients from Ehime prefecture, and “Toro and Ikura Fair,” with fatty tuna and salmon roe, which were popular with customers. In addition to such fairs, there were tie-ups with popular contents such as “Demon Slayer: Kimetsu no Yaiba” and “BT21,” where we sold collaborative products and conducted promotions with chances to win original goods.

Looking forward to Kura Sushi’s global expansion, we opened two new “Global Flagship Stores” - a series of stores designed with the aim to internationally increase brand awareness of conveyor belt sushi. The Harajuku Store opened in December 2021 as our third Global Flagship Store in Japan, soon followed by the opening of our fourth in March 2022, located in front of Oshiage Station, which is directly connected to the TOKYO SKYTREE. The Oshiage store has an area of 834 m<sup>2</sup>, making it the largest conveyor belt sushi shop in the world. As “in-store entertainment attractions,” “Bikkura Pon DX,” which is a larger version of our original “Bikkura Pon,” and a digital shooting game, “Bikkura Gyo!”

were introduced for the first time, allowing customers to enjoy using dedicated equipment installed at the store. We will continue to proactively open stores in urban areas as we expect economic activities and the recovery of inbound demand to resume as COVID-19 gets under control.

Thanks to such efforts, many customers visited our stores, and in the consolidated financial results for the six months ended April 30, 2022, net sales at existing stores exceeded sales prior to COVID-19 despite the restrictions.

As a result, net sales were ¥74,995 million (up 11.8% year on year) and ordinary profit was ¥3,167 million, setting a new record high for the consolidated financial results of the six months ended April 30, 2022 despite the impact from restrictions such as shortened business hours.

## 2) North America

Net sales were strong at the US subsidiary, Kura Sushi USA, Inc. (KSU), as general consumption recovered based on the lifting of business restrictions such as seat restrictions for in-store dining, which had been in place since last year. Sales recovered sharply compared to the previous fiscal year thanks to the impact of proactively opening stores at prime locations despite the business restrictions related to COVID-19, and promotions including the popular “Sanrio Campaign” in the United States. However, the rapid recovery in demand as the economy normalized accelerated record-breaking inflation, and there was impact from the sharp rise in labor costs and prices.

As a result, net sales were ¥6,941 million (up 258.4% year on year), which was a record for the same period, while ordinary loss was ¥356 million.

## 3) Asia

As for the Taiwan subsidiary, Kura Sushi Asia Co., Ltd. (KSA), although the “Level 2 epidemic alert” for COVID-19 continued, personal consumption nearly returned to normal and store sales have been strong. There is growing awareness of measures to protect against the spread of infection, and Kura Sushi’s unique “Mr. Fresh” antibacterial sushi cover has been well received by customers.

As a result, net sales reached a record high of ¥7,375 million (up 31.3% year on year) and ordinary profit was ¥696 million.

## (2) Explanation of financial position

### 1) Overview of assets, liabilities and net assets

At the end of the second quarter of the current fiscal year, total assets increased by ¥5,087 million from the end of the previous fiscal year to ¥104,076 million. This was mainly due to a decrease of ¥1,531 million in cash and deposits, and increases of ¥492 million in accounts receivable - trade, ¥286 million in raw materials and supplies, and ¥6,539 million in property, plant and equipment.

Total liabilities increased by ¥2,574 million compared to the end of the previous fiscal year to ¥46,906 million. This was mainly due to an increase of ¥892 million in accounts payable - trade and ¥2,203 million in lease obligations, along with a decrease of ¥1,362 million in income taxes payable.

Net assets increased by ¥2,512 million from the end of the previous fiscal year to ¥57,170 million mainly due to recording profit attributable to owners of parent of ¥2,201 million.

### 2) Overview of cash flows

Cash flows during the six months ended April 30, 2022 were net cash provided by operating activities of ¥5,937 million, net cash used in investing activities of ¥5,541 million, and net cash used in financing activities of ¥2,336 million. As a result, cash and cash equivalents (“net cash”) for the second quarter of the current fiscal year decreased by ¥1,531 million compared to the beginning of the period to ¥17,216 million.

The status of cash flows from respective activities during the six months ended April 30, 2022 and their factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the six months ended April 30, 2022 was ¥5,937 million (up 328.4% year on year). This was mainly due to inflows from profit before income taxes of ¥3,487 million, and depreciation of ¥3,571 million, and of the ¥3,055 million in subsidiary income, the amount of subsidies received including the application for the previous period was ¥4,165 million, while outflow from income taxes paid was ¥2,109 million.

(Cash flows from investing activities)

Net cash used in investing activities during the six months ended April 30, 2022 was ¥5,541 million (up 14.8% year on year). This was the mainly due to outflows from purchase of property, plant and equipment of ¥4,580 million.

(Cash flows from financing activities)

Net cash used in financial activities during the six months ended April 30, 2022 was ¥2,336 million (up 18.0% year on year). This was mainly due to outflows from repayments of lease obligations of ¥1,575 million and dividends paid of ¥791 million.

**(3) Explanation of future forecast data including forecasts of consolidated earnings**

At this time, there are no changes to the earnings forecast announced on December 7, 2021.

## 2. Quarterly consolidated financial statements and primary notes

### (1) Consolidated balance sheets

(Millions of yen)

	As of October 31, 2021	As of April 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	18,748	17,216
Accounts receivable - trade	3,554	4,046
Raw materials and supplies	1,798	2,085
Other	5,363	4,055
Total current assets	29,464	27,403
Non-current assets		
Property, plant and equipment		
Buildings, net	25,259	28,432
Right of use assets, net	14,791	17,167
Other, net	16,692	17,682
Total property, plant and equipment	56,744	63,283
Intangible assets	899	1,084
Investments and other assets		
Long-term loans receivable	4,380	4,379
Guarantee deposits	6,132	6,357
Other	1,367	1,568
Total investments and other assets	11,881	12,305
Total non-current assets	69,525	76,673
Total assets	98,989	104,076
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	6,086	6,979
Short-term borrowings	805	857
Accounts payable - other	6,885	6,740
Income taxes payable	2,676	1,314
Other	6,742	6,935
Total current liabilities	23,195	22,826
Non-current liabilities		
Lease obligations	18,149	20,352
Asset retirement obligations	2,371	2,576
Other	616	1,151
Total non-current liabilities	21,136	24,080
Total liabilities	44,332	46,906
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,005	2,005
Capital surplus	7,622	7,710
Retained earnings	40,313	41,721
Treasury shares	(2,139)	(2,095)
Total shareholders' equity	47,802	49,342
Accumulated other comprehensive income		
Foreign currency translation adjustment	435	904
Total accumulated other comprehensive income	435	904
Share acquisition rights	354	490
Non-controlling interests	6,065	6,432
Total net assets	54,657	57,170
Total liabilities and net assets	98,989	104,076

**(2) Consolidated statements of income and consolidated statements of comprehensive income****Consolidated statements of income**

(Millions of yen)

	Six months ended April 30, 2021	Six months ended April 30, 2022
Net sales	74,620	89,312
Cost of sales	33,631	40,463
Gross profit	40,989	48,849
Selling, general and administrative expenses	40,561	48,526
Operating profit	428	323
Non-operating income		
Interest income	28	27
Commission income	109	84
Foreign exchange gains	127	57
Subsidy income	581	3,055
Miscellaneous income	43	72
Total non-operating income	890	3,297
Non-operating expenses		
Interest expenses	74	105
Miscellaneous losses	59	7
Total non-operating expenses	134	112
Ordinary profit	1,185	3,507
Extraordinary losses		
Loss on retirement of non-current assets	46	20
Total extraordinary losses	46	20
Profit before income taxes	1,138	3,487
Income taxes - current	797	1,032
Income taxes - deferred	9	242
Total income taxes	806	1,274
Profit	332	2,212
Profit (loss) attributable to non-controlling interests	(336)	11
Profit attributable to owners of parent	668	2,201

## Consolidated statements of comprehensive income

(Millions of yen)

	Six months ended April 30, 2021	Six months ended April 30, 2022
Profit	332	2,212
Other comprehensive income		
Foreign currency translation adjustment	324	795
Total other comprehensive income	324	795
Comprehensive income	656	3,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	888	2,670
Comprehensive income attributable to non-controlling interests	(231)	337

**(3) Consolidated statements of cash flows**

(Millions of yen)

	Six months ended April 30, 2021	Six months ended April 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,138	3,487
Depreciation	2,999	3,571
Interest income	(28)	(27)
Interest expenses	74	105
Subsidy income	(581)	(3,055)
Decrease (increase) in inventories	166	(275)
Decrease (increase) in trade receivables	479	(469)
Increase (decrease) in trade payables	(651)	849
Increase (decrease) in accrued consumption taxes	(1,605)	(1,064)
Other, net	(1,029)	857
Subtotal	963	3,978
Interest received	6	7
Interest paid	(74)	(105)
Subsidies received	581	4,165
Income taxes paid	(90)	(2,109)
Net cash provided by (used in) operating activities	1,385	5,937
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,970)	(4,580)
Purchase of intangible assets	(192)	(193)
Loan advances	(245)	(176)
Payments of guarantee deposits	(412)	(228)
Proceeds from refund of guarantee deposits	26	44
Other, net	(32)	(407)
Net cash provided by (used in) investing activities	(4,826)	(5,541)
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(1,262)	(1,575)
Purchase of treasury shares	(0)	(0)
Dividends paid	(789)	(791)
Proceeds from exercise of employee share options	70	30
Net cash provided by (used in) financing activities	(1,980)	(2,336)
Effect of exchange rate change on cash and cash equivalents	398	409
Net increase (decrease) in cash and cash equivalents	(5,022)	(1,531)
Cash and cash equivalents at beginning of period	20,611	18,748
Cash and cash equivalents at end of period	15,588	17,216

**(4) Notes to quarterly consolidated financial statements****(Notes on going concern assumption)**

Not applicable.

**(Notes on significant changes in the amount of shareholders' equity)**

Not applicable.

**(Changes in accounting policies)**

(Application of Accounting Standard for Revenue Recognition)

The Company recognizes revenue based on the amount expected to be received in exchange for the goods or services at the time the promised goods or services are transferred to the customer by applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as "Revenue Recognition Accounting Standard") from the beginning of the first quarter of the current fiscal year.

As a result, revenue from point contributions related to customer loyalty programs operated by other companies, which had previously been recorded as selling, general and administrative expenses, will be recognized according to the amount after deducting the point contributions.

Therefore, net sales, and selling, general and administrative expenses decreased by ¥179 million for the consolidated financial results of the six months ended April 30, 2022.

The transitional treatment stipulated in the proviso of Section 84 of the Revenue Recognition Accounting Standard was followed, but there is no impact on retained earnings at the beginning of the period. In addition, in accordance with the transitional treatment stipulated in Article 28-15 of the Accounting Standard for Quarterly Financial Statements (ASBJ Statement No. 12; March 31, 2020), we do not provide information that breaks down revenue generated from contracts with customers for the six months ended April 30, 2021.

**(Segment information)**

- I Consolidated financial results for the six months ended April 30, 2021 (from November 1, 2020 to April 30, 2021)

Sales and profit (loss) information for each reportable segment

	Reportable segments				(Millions of yen)
	Japan	North America	Asia	Total	Amount recognized in the quarterly consolidated statements of income (Note)
Net sales					
Revenues from external customers	67,065	1,936	5,618	74,620	74,620
Transactions with other segments	—	—	—	—	—
Total	67,065	1,936	5,618	74,620	74,620
Segment profit (loss)	1,866	(1,064)	382	1,185	1,185

(Note) Segment profit (loss) matches the ordinary profit recognized in the quarterly consolidated statements of income.

II Consolidated financial results for the six months ended April 30, 2022 (from November 1, 2021 to April 30, 2022)

Sales and profit (loss) information for each reportable segment, and revenue breakdown information

(Millions of yen)

	Reportable segments				Amount recognized in the quarterly consolidated statements of income (Note)
	Japan	North America	Asia	Total	
Net sales					
Revenue from customer contracts	74,995	6,941	7,375	89,312	89,312
Revenues from external customers	74,995	6,941	7,375	89,312	89,312
Transactions with other segments	—	—	—	—	—
Total	74,995	6,941	7,375	89,312	89,312
Segment profit (loss)	3,167	(356)	696	3,507	3,507

(Note) Segment profit (loss) matches the ordinary profit recognized in the quarterly consolidated statements of income.