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June 9, 2023

## Consolidated Financial Results for the Six Months Ended April 30, 2023 (Based on Japanese GAAP)

Company name: Kura Sushi, Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 2695  
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 Scheduled date to file Quarterly Securities Report: June 13, 2023  
 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, 2023 (from November 1, 2022 to April 30, 2023)

#### (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, 2023	101,845	14.0	(1,186)	–	(1,141)	–	(1,095)	–
Six months ended April 30, 2022	89,312	19.7	323	(24.6)	3,507	196.0	2,201	229.2

Note: Comprehensive income  
 Six months ended April 30, 2023 ¥(1,521) million (–%)  
 Six months ended April 30, 2022 ¥3,007 million (357.9%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended April 30, 2023	(27.55)	–
Six months ended April 30, 2022	55.49	55.42

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of April 30, 2023	110,515	56,930	43.5
As of October 31, 2022	109,621	58,967	45.8

Reference: Equity

As of April 30, 2023 ¥48,105 million  
As of October 31, 2022 ¥50,258 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, 2022	–	0.00	–	20.00	20.00
Fiscal year ending October 31, 2023	–	0.00			
Fiscal year ending October 31, 2023 (Forecast)			–	20.00	20.00

Note: Revisions to most recently published dividend forecast: No

## 3. Forecast of consolidated financial results for the fiscal year ending October 31, 2023 (from November 1, 2022 to October 31, 2023)

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	209,000	14.2	3,000	–	3,100	26.2	1,100	47.7	27.71

Note: Revisions to most recently published performance forecast: No

## Notes

- (1) Changes in significant subsidiaries during the six months ended April 30, 2023  
(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: No
  - 2) Changes in accounting policies due to other reasons : No
  - 3) Changes in accounting estimates : No
  - 4) Restatement of prior period financial statements : No
- (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, 2023	41,399,600 shares
As of October 31, 2022	41,399,600 shares

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

As of April 30, 2023	1,653,227 shares
As of October 31, 2022	1,655,857 shares

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

Six months ended April 30, 2023	39,743,559 shares
Six months ended April 30, 2022	39,671,530 shares

- \* 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 3, "1. Qualitative information on quarterly financial results, (3) Explanation of future forecast data including forecasts of consolidated earnings."

**Contents of the attachment****Index**

1. Qualitative information on quarterly financial results .....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position.....	3
(3) Explanation of future forecast data including forecasts of consolidated earnings.....	3
2. Quarterly consolidated financial statements and primary notes .....	4
(1) Consolidated balance sheets .....	4
(2) Consolidated statements of income and consolidated statements of comprehensive income .....	5
Consolidated statements of income .....	5
Consolidated statements of comprehensive income .....	6
(3) Consolidated statements of cash flows.....	7
(4) Notes to quarterly consolidated financial statements .....	8
(Notes on going concern assumption) .....	8
(Notes on significant changes in the amount of shareholders' equity) .....	8
(Segment information) .....	8

## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

During the six months ended April 30, 2023 (from November 1, 2022 to April 30, 2023), the outlook for the Japanese economy remained uncertain mainly due to rising prices of energy and rising prices related to the depreciation of the yen while economic activities remained stagnant due to the spread of the novel coronavirus disease (COVID-19).

In the food service industry, the eighth wave of COVID-19 infections, which began spreading in November 2022, had an impact on the industry, particularly in terms of reduced flow of people at suburban stores. In addition, conditions remained difficult as people became increasingly budget-conscious due to the sharp rise in food and utility costs, resulting in a decline in instances to dine out. Also, for restaurant chains, prank videos were spread on social media and became a social problem.

Under these circumstances, the Group pursued the original convenience and enjoyment of conveyor belt sushi that the Company aims to provide, while implementing various initiatives related to safety and security.

In November 2022, the contactless service system and KURA OSAKANA FARM's initiatives aimed at creating fisheries were comprehensively evaluated, and selected for the "NIHON SERVICE AWARD" by the Ministry of Agriculture, Forestry and Fisheries.

With regard to store development, a total of 23 restaurants (16 restaurants in Japan, 5 in the United States, and 2 in Taiwan) were opened. Accordingly, the number of stores at the end of the second quarter of the current fiscal year was 636, all directly owned (including 4 Mutenkura stores, 1 KURA Natural Fish Market store, 45 U.S. stores and 50 Taiwan stores).

The financial results by segment are as follows:

#### 1) Japan

Net sales were ¥80,533 million (up 7.4% year on year) and ordinary loss was ¥1,514 million. Results were affected by the decrease in the flow of people due to the eighth wave of COVID-19 infections, as well as nuisance behavior in our restaurants. As a countermeasure against nuisance behavior, we improved our AI camera system and developed a new system to detect and prevent nuisance behavior, and completed installation in all our restaurants to provide a safe and secure dining environment. Going forward, we will continue to protect the entertainment value of revolving sushi. In terms of sales, in order to capture post-COVID demand, the Company held fairs focusing on popular products such as crab and tuna, conducted campaigns such as giving away popular anime goods "Demon Slayer: Kimetsu no Yaiba," "CHIIKAWA" and "DETECTIVE CONAN," and aggressively deployed TV commercials, resulting in record net sales during the six months ended April 30, 2023.

At the same time, in addition to a significant increase in raw material and energy prices due to the depreciation of the yen, various cost increases were incurred, including material and utility costs, in addition to higher labor costs. In response to these factors, the Company implemented price revisions, including menu mix, changing ¥110-per-plate (tax inclusive) to ¥115 (tax inclusive), and some ¥220-per-plate (tax inclusive) to ¥165 from October 2022.

#### 2) North America

US subsidiary, Kura Sushi USA, Inc. (KSU), recorded net sales of ¥11,530 million (up 66.1% year on year) and ordinary loss of ¥419 million. Continued new store openings and a robust US economy contributed to strong sales. On the other hand, revenues were squeezed by price and wage inflation, including the highest consumer price inflation rate in 40 years. In November 2022, we opened a store in the Mall of America, one of the largest shopping malls in the US, as well as stores in Jersey City, Philadelphia, Edison, and Oakbrook Terrace. The strong sales led to record revenues at the store level for the six months ended April 30, 2023.

#### 3) Asia

In Asia, including Taiwan subsidiary Kura Sushi Asia Co., Ltd. (KSA), net sales were ¥9,781 million (up 32.6% year on year), and ordinary profit was ¥793 million. The impact of COVID-19 infections

has virtually disappeared, and sales grew steadily due to the recovery trend in consumer spending. In addition, restrictions on the number of visitors entering Taiwan were lifted on December 10, 2022, providing a strong tailwind for the tourism and food service industries. In December 2022, the Group implemented a campaign that allows some customers to win goods of popular anime character “BT21.” Also, in March 2023, the Group tied up with the popular character “Rilakkuma” and adopted the character item as a prize in the “Bikkura Pon” lottery, which was very well received by customers.

As a result of the above, net sales were ¥101,845 million, ordinary loss was ¥1,141 million, and loss attributable to owners of parent was ¥1,095 million for the six months ended April 30, 2023.

## (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 ¥893 million from the end of the previous fiscal year to ¥110,515 million. This was mainly due to a decrease of ¥3,249 million in cash and deposits, and increases of ¥493 million in raw materials and supplies and ¥3,176 million in property, plant and equipment.

Total liabilities increased by ¥2,930 million compared to the end of the previous fiscal year to ¥53,585 million. This was mainly due to an increase of ¥1,064 million in accounts payable - trade.

Net assets decreased by ¥2,037 million from the end of the previous fiscal year to ¥56,930 million, mainly due to recording loss attributable to owners of parent of ¥1,095 million and dividends paid of ¥794 million.

### 2) Overview of cash flows

Cash flows during the six months ended April 30, 2023 were net cash provided by operating activities of ¥4,155 million, net cash used in investing activities of ¥5,658 million, and net cash used in financing activities of ¥1,849 million, and cash and cash equivalents increased by ¥233 million yen due to new consolidations. As a result, cash and cash equivalents (the “net cash”) at the end of the second quarter of the current fiscal year decreased by ¥3,249 million compared to the beginning of the period to ¥9,920 million.

The status of cash flows from respective activities during the six months ended April 30, 2023 and their factors are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities during the six months ended April 30, 2023 was ¥4,155 million (down 30.0% year on year). This was mainly due to loss before income taxes of ¥1,203 million, depreciation of ¥4,153 million, and an increase in trade payables of ¥1,095 million.

#### (Cash flows from investing activities)

Net cash used in investing activities during the six months ended April 30, 2023 was ¥5,658 million (up 2.1% year on year). This was mainly due to outflow from purchase of property, plant and equipment of ¥4,988 million.

#### (Cash flows from financing activities)

Net cash used in financial activities during the six months ended April 30, 2023 was ¥1,849 million (down 20.9% year on year). This was mainly due to outflows from repayments of lease obligations of ¥1,611 million and dividends paid of ¥792 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 12, 2022.

## 2. Quarterly consolidated financial statements and primary notes

### (1) Consolidated balance sheets

(Millions of yen)

	As of October 31, 2022	As of April 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	13,169	9,920
Accounts receivable - trade	4,642	4,795
Raw materials and supplies	2,410	2,904
Other	2,895	2,800
<b>Total current assets</b>	<b>23,118</b>	<b>20,420</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	31,321	32,901
Right of use assets, net	20,690	21,333
Other, net	20,257	21,211
<b>Total property, plant and equipment</b>	<b>72,269</b>	<b>75,446</b>
Intangible assets	1,251	1,354
Investments and other assets		
Long-term loans receivable	4,687	4,790
Guarantee deposits	6,710	6,811
Other	1,583	1,693
<b>Total investments and other assets</b>	<b>12,982</b>	<b>13,294</b>
<b>Total non-current assets</b>	<b>86,503</b>	<b>90,094</b>
<b>Total assets</b>	<b>109,621</b>	<b>110,515</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	6,609	7,674
Short-term borrowings	-	438
Accounts payable - other	7,566	7,452
Income taxes payable	587	808
Other	7,798	8,099
<b>Total current liabilities</b>	<b>22,561</b>	<b>24,472</b>
Non-current liabilities		
Lease obligations	24,196	25,189
Asset retirement obligations	2,731	2,835
Other	1,164	1,087
<b>Total non-current liabilities</b>	<b>28,092</b>	<b>29,112</b>
<b>Total liabilities</b>	<b>50,654</b>	<b>53,585</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,005	2,005
Capital surplus	7,814	7,836
Retained earnings	40,265	38,336
Treasury shares	(2,020)	(2,006)
<b>Total shareholders' equity</b>	<b>48,064</b>	<b>46,170</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,193	1,934
<b>Total accumulated other comprehensive income</b>	<b>2,193</b>	<b>1,934</b>
Share acquisition rights	787	978
Non-controlling interests	7,921	7,846
<b>Total net assets</b>	<b>58,967</b>	<b>56,930</b>
<b>Total liabilities and net assets</b>	<b>109,621</b>	<b>110,515</b>

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

(Millions of yen)

	Six months ended April 30, 2022	Six months ended April 30, 2023
Net sales	89,312	101,845
Cost of sales	40,463	46,347
Gross profit	48,849	55,497
Selling, general and administrative expenses	48,526	56,684
Operating profit (loss)	323	(1,186)
Non-operating income		
Interest income	27	55
Commission income	84	78
Foreign exchange gains	57	-
Subsidy income	3,055	17
Miscellaneous income	72	100
Total non-operating income	3,297	251
Non-operating expenses		
Interest expenses	105	122
Foreign exchange losses	-	76
Miscellaneous losses	7	7
Total non-operating expenses	112	206
Ordinary profit (loss)	3,507	(1,141)
Extraordinary losses		
Loss on retirement of non-current assets	20	49
Impairment losses	-	13
Total extraordinary losses	20	62
Profit (loss) before income taxes	3,487	(1,203)
Income taxes - current	1,032	306
Income taxes - deferred	242	(415)
Total income taxes	1,274	(109)
Profit (loss)	2,212	(1,094)
Profit attributable to non-controlling interests	11	0
Profit (loss) attributable to owners of parent	2,201	(1,095)



**Consolidated statements of comprehensive income**

(Millions of yen)

	Six months ended April 30, 2022	Six months ended April 30, 2023
Profit (loss)	2,212	(1,094)
Other comprehensive income		
Foreign currency translation adjustment	795	(427)
Total other comprehensive income	795	(427)
Comprehensive income	3,007	(1,521)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,670	(1,354)
Comprehensive income attributable to non-controlling interests	337	(167)

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

(Millions of yen)

	Six months ended April 30, 2022	Six months ended April 30, 2023
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	3,487	(1,203)
Depreciation	3,571	4,153
Impairment losses	–	13
Interest income	(27)	(55)
Interest expenses	105	122
Subsidy income	(3,055)	(17)
Decrease (increase) in inventories	(275)	(502)
Decrease (increase) in trade receivables	(469)	(169)
Increase (decrease) in trade payables	849	1,095
Increase (decrease) in accrued consumption taxes	(1,064)	(265)
Other, net	857	1,192
<b>Subtotal</b>	<b>3,978</b>	<b>4,364</b>
Interest received	7	35
Interest paid	(105)	(122)
Subsidies received	4,165	20
Income taxes paid	(2,109)	(141)
<b>Net cash provided by (used in) operating activities</b>	<b>5,937</b>	<b>4,155</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,580)	(4,988)
Purchase of intangible assets	(193)	(218)
Loan advances	(176)	(284)
Payments of guarantee deposits	(228)	(109)
Proceeds from refund of guarantee deposits	44	21
Other, net	(407)	(79)
<b>Net cash provided by (used in) investing activities</b>	<b>(5,541)</b>	<b>(5,658)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	–	443
Repayments of lease obligations	(1,575)	(1,611)
Purchase of treasury shares	(0)	–
Dividends paid	(791)	(792)
Proceeds from exercise of employee share options	30	111
<b>Net cash provided by (used in) financing activities</b>	<b>(2,336)</b>	<b>(1,849)</b>
Effect of exchange rate change on cash and cash equivalents	409	(130)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,531)</b>	<b>(3,483)</b>
Cash and cash equivalents at beginning of period	18,748	13,169
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	233
<b>Cash and cash equivalents at end of period</b>	<b>17,216</b>	<b>9,920</b>

**(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.

**(Segment information)****I Six months ended April 30, 2022 (from November 1, 2021 to April 30, 2022)**

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

	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
Sales to 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) Profit (loss) for reportable segments matches the ordinary profit (loss) recognized in the quarterly consolidated statements of income.

**II Six months ended April 30, 2023 (from November 1, 2022 to April 30, 2023)**

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

	Reportable segments				Amount recognized in the quarterly consolidated statements of income (Note)
	Japan	North America	Asia	Total	
Net sales					
Revenue from customer contracts	80,533	11,530	9,781	101,845	101,845
Sales to external customers	80,533	11,530	9,781	101,845	101,845
Transactions with other segments	–	–	–	–	–
Total	80,533	11,530	9,781	101,845	101,845
Segment profit (loss)	(1,514)	(419)	793	(1,141)	(1,141)

(Note) Profit (loss) for reportable segments matches the ordinary profit (loss) recognized in the quarterly consolidated statements of income.