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June 10, 2024

Consolidated Financial Results for the Six Months Ended April 30, 2024 (Based on Japanese GAAP)

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 Stock exchange listing: Tokyo
 Stock code: 2695
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 Scheduled date to file Quarterly Securities Report: June 11, 2024
 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, 2024 (from November 1, 2023 to April 30, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 30, 2024	116,071	14.0	5,636	–	5,996	–	3,948	–
April 30, 2023	101,845	14.0	(1,186)	–	(1,141)	–	(1,095)	–

Note: Comprehensive income Six months ended April 30, 2024 ¥4,705 million [–%]
 Six months ended April 30, 2023 ¥(1,521) million [–%]

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
April 30, 2024	99.35	99.31
April 30, 2023	(27.55)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
April 30, 2024	139,965	75,082	41.3
October 31, 2023	130,119	70,566	41.6

Reference: Equity

As of April 30, 2024

¥57,760 million

As of October 31, 2023

¥54,186 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, 2023	—	0.00	—	20.00	20.00
Fiscal year ending October 31, 2024	—	0.00			
Fiscal year ending October 31, 2024 (Forecast)			0.00	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, 2024 (from November 1, 2023 to October 31, 2024)

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	234,000	10.7	5,500	123.9	6,000	108.1	3,500	305.4	88.06

Note: Revisions to most recently published performance forecast: Yes

For revisions of the consolidated financial results forecasts, please refer to “Notice Regarding Revisions of Financial Results Forecasts” released today (June 10, 2024).

Notes

- (1) Changes in significant subsidiaries during the six months ended April 30, 2024
(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, 2024	41,399,600 shares
As of October 31, 2023	41,399,600 shares

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

As of April 30, 2024	1,657,053 shares
As of October 31, 2023	1,653,927 shares

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

Six months ended April 30, 2024	39,743,849 shares
Six months ended April 30, 2023	39,743,559 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."

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1. Qualitative information on quarterly financial results

(1) Explanation of operating results

During the six months ended April 30, 2024 (from November 1, 2023 to April 30, 2024), the outlook for the Japanese economy remained uncertain mainly due to Russia's prolonged invasion of Ukraine, escalation of tensions in the Middle East, and progression in the depreciation of the yen. The business environment for the restaurant industry also continued to be severe, with rising procurement costs, together with rises in labor costs and utility costs.

Under these circumstances, the Group pursued the original convenience and enjoyment of conveyor-belt sushi, placing an emphasis on the entertainment value of sushi circulating via conveyor-belt sushi lanes, while implementing various initiatives related to safety and security, such as anti-bacterial sushi covers and clean tables on which condiments, etc. are replaced for every new customer.

With regard to store development, a total of 16 stores (five stores in Japan, nine stores in the U.S., and two stores in Asia) were opened. Accordingly, the number of stores at the end of the second quarter of the current fiscal year was 665, all directly owned (including four Mutenkura stores, one KURA Natural Fish Market store, 59 U.S. stores and 58 Asian stores).

The financial results by segment are as follows:

1) Japan

For Japan's domestic operations, we held fairs focusing on our high quality products such as "tuna" and "crab," which we consider to be the Company's strengths, and implemented collaboration projects with the immensely popular character "CHIIKAWA" and the popular anime "DETECTIVE CONAN," which had a theatrical release, resulting in strong net sales. Company management worked in unison with stores to come up with suitable product design down to the finest details for each product, and as a result, both net sales and ordinary profit amounted to record highs for the six-month period.

We also opened our "Global Flagship Store Ginza" in April, becoming the first major conveyor-belt sushi chain to open a store in the Ginza area. In this way, we are capturing not only domestic demand but also expanding inbound demand.

As a result, net sales were ¥87,630 million (up 8.7% year on year) and ordinary profit was ¥5,838 million (ordinary loss of ¥1,514 million in the corresponding period of the previous fiscal year).

2) North America

At the U.S. subsidiary, Kura Sushi USA, Inc. (KSU), active new store openings and a robust U.S. economy contributed to strong net sales. On the other hand, costs were higher with upfront investment for new store openings and rising personnel expenses among other costs. Nine new stores were opened, including the Kansas City Store in Missouri, and the Webster Store in Texas.

As a result, net sales were ¥16,088 million (up 39.5% year on year) and ordinary loss was ¥437 million (ordinary loss of ¥419 million in the corresponding period of the previous fiscal year).

3) Asia

At Taiwan subsidiary Kura Sushi Asia Co., Ltd. (KSA), despite rises in food prices, robust economy contributed to favorable net sales and profit. The collaboration campaign carried out with "Sanrio," which is also popular in Japan, was very well received by customers. Two new stores were opened, the Xindian Vieshow Yulon Store and the Luodong Zhongshan Road Store.

As a result, net sales were ¥12,495 million (up 27.7% year on year) and ordinary profit was ¥594 million (down 25.0% year on year).

As a result of the above, net sales were ¥116,071 million (up 14.0% year on year), ordinary profit was ¥5,996 million (ordinary loss of ¥1,141 million in the corresponding period of the previous fiscal year), and profit attributable to owners of the parent was ¥3,948 million (loss attributable to owners of parent of ¥1,095 million in the corresponding period of the previous fiscal year) for the six months ended April 30, 2024.

(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 ¥9,846 million from the end of the previous fiscal year to ¥139,965 million. This was mainly due to increases of ¥2,860 million in cash and deposits, ¥718 million in accounts receivable - trade, and ¥5,599 million in property, plant and equipment.

Total liabilities increased by ¥5,330 million from the end of the previous fiscal year to ¥64,883 million. This was mainly due to increases of ¥636 million in accounts payable - trade, ¥1,641 million in income taxes payable, and ¥2,069 million in lease liabilities (non-current liabilities).

Net assets increased by ¥4,516 million from the end of the previous fiscal year to ¥75,082 million, mainly due to recording profit attributable to owners of parent of ¥3,948 million.

2) Overview of cash flows

Cash flows during the six months ended April 30, 2024 were net cash provided by operating activities of ¥10,408 million, net cash used in investing activities of ¥5,495 million, and net cash used in financing activities of ¥2,355 million. As a result, cash and cash equivalents (the “net cash”) at the end of the second quarter of the current fiscal year increased by ¥2,860 million compared to the beginning of the period to ¥21,801 million.

The status of cash flows from respective activities during the six months ended April 30, 2024 and their factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the six months ended April 30, 2024 was ¥10,408 million (up 150.4% year on year). This was mainly due to inflows from profit before income taxes of ¥5,939 million, and depreciation of ¥5,088 million, while there was an increase in trade receivables of ¥699 million.

(Cash flows from investing activities)

Net cash used in investing activities during the six months ended April 30, 2024 was ¥5,495 million (down 2.9% year on year). This was mainly due to outflow from purchase of property, plant and equipment of ¥5,189 million.

(Cash flows from financing activities)

Net cash used in financing activities during the six months ended April 30, 2024 was ¥2,355 million (up 27.4% year on year). This was mainly due to outflows from repayments of lease liabilities of ¥1,821 million and dividends paid of ¥795 million.

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

For the forecasts of consolidated earnings, please refer to “Notice Regarding Revisions of Financial Results Forecasts” released today (June 10, 2024).

2. Quarterly consolidated financial statements and primary notes

(1) Consolidated balance sheets

(Millions of yen)

	As of October 31, 2023	As of April 30, 2024
Assets		
Current assets		
Cash and deposits	18,940	21,801
Accounts receivable - trade	5,162	5,880
Securities	1,248	915
Raw materials and supplies	2,522	3,008
Other	2,887	3,185
Total current assets	30,761	34,791
Non-current assets		
Property, plant and equipment		
Buildings, net	35,875	38,344
Right-of-use assets, net	25,766	28,390
Other, net	22,749	23,256
Total property, plant and equipment	84,392	89,992
Intangible assets	1,572	1,603
Investments and other assets		
Long-term loans receivable	4,925	4,984
Guarantee deposits	7,000	7,257
Other	1,466	1,336
Total investments and other assets	13,393	13,578
Total non-current assets	99,357	105,174
Total assets	130,119	139,965
Liabilities		
Current liabilities		
Accounts payable - trade	7,065	7,702
Short-term borrowings	927	947
Accounts payable - other	8,013	8,387
Income taxes payable	1,099	2,741
Other	9,065	9,552
Total current liabilities	26,171	29,330
Non-current liabilities		
Lease liabilities	29,230	31,299
Asset retirement obligations	2,968	3,183
Other	1,183	1,069
Total non-current liabilities	33,382	35,552
Total liabilities	59,553	64,883
Net assets		
Shareholders' equity		
Share capital	2,005	2,005
Capital surplus	10,900	10,900
Retained earnings	40,294	43,448
Treasury shares	(2,003)	(2,003)
Total shareholders' equity	51,197	54,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	5
Foreign currency translation adjustment	2,986	3,403
Total accumulated other comprehensive income	2,989	3,409
Share acquisition rights	1,354	1,698
Non-controlling interests	15,024	15,622
Total net assets	70,566	75,082
Total liabilities and net assets	130,119	139,965

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

(Millions of yen)

	Six months ended April 30, 2023	Six months ended April 30, 2024
Net sales	101,845	116,071
Cost of sales	46,347	47,528
Gross profit	55,497	68,542
Selling, general and administrative expenses	56,684	62,906
Operating profit (loss)	(1,186)	5,636
Non-operating income		
Interest income	55	295
Commission income	78	97
Foreign exchange gains	–	97
Miscellaneous income	117	68
Total non-operating income	251	558
Non-operating expenses		
Interest expenses	122	180
Foreign exchange losses	76	–
Miscellaneous losses	7	19
Total non-operating expenses	206	199
Ordinary profit (loss)	(1,141)	5,996
Extraordinary losses		
Loss on retirement of non-current assets	49	30
Loss on cancellation of store contracts	–	23
Impairment losses	13	3
Total extraordinary losses	62	57
Profit (loss) before income taxes	(1,203)	5,939
Income taxes - current	306	2,043
Income taxes - deferred	(415)	33
Total income taxes	(109)	2,076
Profit (loss)	(1,094)	3,862
Profit (loss) attributable to non-controlling interests	0	(86)
Profit (loss) attributable to owners of parent	(1,095)	3,948

Consolidated statements of comprehensive income

(Millions of yen)

	Six months ended April 30, 2023	Six months ended April 30, 2024
Profit (loss)	(1,094)	3,862
Other comprehensive income		
Valuation difference on available-for-sale securities	—	5
Foreign currency translation adjustment	(427)	837
Total other comprehensive income	(427)	842
Comprehensive income	(1,521)	4,705
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,354)	4,368
Comprehensive income attributable to non-controlling interests	(167)	336

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended April 30, 2023	Six months ended April 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(1,203)	5,939
Depreciation	4,153	5,088
Impairment losses	13	3
Interest income	(55)	(295)
Interest expenses	122	180
Decrease (increase) in inventories	(502)	(472)
Decrease (increase) in trade receivables	(169)	(699)
Increase (decrease) in trade payables	1,095	602
Increase (decrease) in accrued consumption taxes	(265)	(213)
Other, net	1,196	657
Subtotal	4,385	10,790
Interest received	35	276
Interest paid	(122)	(180)
Income taxes paid	(141)	(478)
Net cash provided by (used in) operating activities	4,155	10,408
Cash flows from investing activities		
Purchase of securities	–	(517)
Proceeds from redemption of securities	–	887
Purchase of property, plant and equipment	(4,988)	(5,189)
Purchase of intangible assets	(218)	(142)
Loan advances	(284)	(273)
Payments of guarantee deposits	(109)	(276)
Proceeds from refund of guarantee deposits	21	34
Other, net	(79)	(18)
Net cash provided by (used in) investing activities	(5,658)	(5,495)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	443	–
Repayments of lease liabilities	(1,611)	(1,821)
Purchase of treasury shares	–	(0)
Dividends paid	(792)	(795)
Proceeds from exercise of employee share options	111	261
Net cash provided by (used in) financing activities	(1,849)	(2,355)
Effect of exchange rate change on cash and cash equivalents	(130)	303
Net increase (decrease) in cash and cash equivalents	(3,483)	2,860
Cash and cash equivalents at beginning of period	13,169	18,940
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	233	–
Cash and cash equivalents at end of period	9,920	21,801

(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, 2023 (from November 1, 2022 to April 30, 2023)**

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

(Millions of yen)

	Reportable segments				Adjustments	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	109	—	—	109	(109)	—
Total	80,642	11,530	9,781	101,954	(109)	101,845
Segment profit (loss)	(1,514)	(419)	793	(1,141)	—	(1,141)

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

II Six months ended April 30, 2024 (from November 1, 2023 to April 30, 2024)**1. Net sales and profit (loss) information for each reportable segment, and revenue breakdown information**

(Millions of yen)

	Reportable segments				Adjustments	Amount recognized in the quarterly consolidated statements of income (Note)
	Japan	North America	Asia	Total		
Net sales						
Revenue from customer contracts	87,487	16,088	12,495	116,071	—	116,071
Sales to external customers	87,487	16,088	12,495	116,071	—	116,071
Transactions with other segments	143	—	—	143	(143)	—
Total	87,630	16,088	12,495	116,214	(143)	116,071
Segment profit (loss)	5,838	(437)	594	5,996	—	5,996

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

2. Notes relating to changes in reportable segments

Given that the materiality of royalties increased compared with the first three months due to the expanded scale of the overseas operations, the amount of royalty income, which was previously

presented under non-operating income in the non-consolidated financial statements, is now included in “net sales.” As a result of the above, the figures for the six months ended April 30, 2023 have been restated to reflect the change.