
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 11, 2021

KURA SUSHI USA, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other Jurisdiction
of Incorporation)

001-39012
(Commission
File Number)

26-3808434
(IRS Employer
Identification No.)

17461 Derian Avenue, Suite 200
Irvine, California
(Address of Principal Executive Offices)

92614
(Zip Code)

Registrant's telephone number, including area code: (657) 333-4100
(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.001 per share	KRUS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 2.02 Results of Operations and Financial Condition.

On January 11, 2021, Kura Sushi USA, Inc. issued a press release disclosing earnings and other financial results for its fiscal first quarter ended November 30, 2020, and that its management would review these results in a conference call at 5:00 p.m. (EST) on January 11, 2021. A copy of this press release is attached hereto as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure.

On January 12, 2021, certain officers of Kura Sushi USA, Inc. (the “Company”) will be virtually attending the 23rd Annual ICR Conference. A copy of the Company’s slides that will be used in discussions with prospective investors during the conference is being furnished as Exhibit 99.2 and hereby incorporated by reference.

The information furnished with this Item 2.02 and Item 7.01, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated January 11, 2021
99.2	Presentation Slides

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KURA SUSHI USA, INC.

Date: January 11, 2021

By: /s/ Hajime Uba

Name: Hajime Uba

Title: Chairman, President and CEO



For Immediate Release

Kura Sushi USA Announces Fiscal First Quarter 2021 Financial Results

Irvine, CA. January 11, 2021 – Kura Sushi USA, Inc. (“Kura Sushi” or the “Company”) (NASDAQ: KRUS), a technology-enabled Japanese restaurant concept, today provided a COVID-19 business update and reported fiscal first quarter 2021 financial results for the period ended November 30, 2020.

COVID-19 Business Update

As of November 30, 2020, the Company had 27 restaurants open in some capacity: indoor dining, outdoor dining or takeout only. Due to changes in local guidelines for public activities, the Company reduced certain restaurants’ operating capacities in December, and as of today, the Company had all 29 restaurants open, with 16 of them in California and Washington DC only providing takeout, one restaurant in Illinois only providing outdoor dining and takeout, and the remaining 12 restaurants operating at reduced indoor capacities of 25% to 75% and providing takeout, depending on local requirements.

In response to COVID-19, the Company continues to focus on cleaning and sanitizing protocols at its restaurants. The Company has implemented additional training and operating processes for all of its employees, including increased handwashing procedures, the use of face masks and gloves, and requirement to pass a health screening process, which includes a temperature check, before the start of each shift.

On September 2, 2020, the Company increased its revolving line of credit to \$35 million, and extended the payback period from one year to five years from each borrowing date. In November 2020, the Company borrowed \$3 million on the revolver and as of November 30, 2020, the Company had cash and cash equivalents of \$2.7 million and \$3 million in debt. Subsequent to November 30, 2020, the Company borrowed an additional \$6 million.

Fiscal First Quarter 2021 Highlights

- Total sales were \$9.4 million, a decrease of \$8.0 million compared to the first quarter of 2020;
- Operating loss was \$6.3 million, compared to an operating loss of \$1.4 million in the first quarter of 2020;
- Net loss was \$6.4 million, or (\$0.76) per diluted share, compared to net loss of \$1.2 million, or (\$0.15) per diluted share, in the first quarter of 2020. Adjusted net loss* was \$6.0 million, or (\$0.71) per diluted share, compared to adjusted net loss* of \$1.2 million or (\$0.15) per diluted share, in the first quarter of 2020;
- Restaurant-level operating loss* was \$0.9 million, compared to restaurant-level operating profit* of \$3.0 million in the first quarter of 2020;
- Adjusted EBITDA* was (\$4.1) million, compared to (\$0.3) million in the first quarter of 2020; and
- Three new restaurants opened during the first quarter of 2021.

* *Adjusted net loss, Restaurant-level operating profit (loss) and Adjusted EBITDA are non-GAAP measures and are defined below under “Key Financial Definitions”. Please see the reconciliation of non-GAAP measures accompanying this release. See also “Non-GAAP Financial Measures” below.*

Hajime Uba, President and Chief Executive Officer of Kura Sushi, stated, “I’m pleased with the progress on initiatives we’ve put in place at the onset of this pandemic. For fiscal first quarter of 2021, we were able to operate 27 out of 28 of our restaurants, albeit at various capacity restrictions, improve our total sales by 70% sequentially from fiscal fourth quarter of 2020, and greatly enhance our off-premise offerings through our new partnership with Square, which enables a frictionless guest experience. While we remain optimistic about our business and its growth potential, we are still operating in an uncertain environment. As we progress through our fiscal second quarter, we see a new set of tougher state and local operational restrictions, particularly in California, where the state enacted a total ban on both indoor and outdoor dining effective December 6, 2020. This contributed to a December comparable restaurant sales decline of approximately 64% and sequential decline in sales of approximately 10% from November. Nevertheless, we remain confident about our post-pandemic recovery and appreciate the financial security provided through our relationship with Kura Sushi Japan.”

Review of Fiscal First Quarter 2021 Financial Results

Total sales were \$9.4 million compared to \$17.4 million in the first quarter of 2020. Comparable restaurant sales decreased 51% for the first quarter of 2021.

Food and beverage costs as a percentage of sales was 32.4% compared to 32.6% in the first quarter of 2020.

Labor and related costs as a percentage of sales increased to 46.3% from 32.3% in the first quarter of 2020. The increase was primarily due to the effect of lower sales and minimum staffing needed to operate our restaurants at reduced capacities.

Occupancy and related expenses were \$1.7 million, representing an increase of \$0.3 million compared to the first quarter of 2020. This increase was primarily a result of additional lease expense incurred from new restaurants that were opened subsequent to November 30, 2019, as well as incremental pre-opening rent expense.

Other costs as a percentage of sales increased to 22.1% compared to 11.7% in the first quarter of 2020. The increase was primarily due to fixed cost deleverage as a result of the decrease in sales, as well as an increase in smallware expense as a result of the three new restaurants that opened within the quarter and supplies for incremental takeout orders.

General and administrative expenses were \$3.5 million, representing an increase of \$0.2 million compared to the first quarter of 2020. This increase was primarily due to \$0.4 million of executive transition costs, \$0.2 million in compensation-related expenses and \$0.1 million of various other costs, partially offset by \$0.5 million in reduced legal and audit fees. As a percentage of sales, general and administrative expenses increased to 37.4% compared to 19.1% in the first quarter of 2020.

Operating loss was \$6.3 million, compared to an operating loss of \$1.4 million in the first quarter of 2020.

Income tax expense was \$29 thousand compared to a benefit of \$4 thousand in the first quarter of 2020.

Net loss was \$6.4 million, or (\$0.76) per diluted share, compared to net loss of \$1.2 million, or (\$0.15) per diluted share, in the first quarter of 2020.

Adjusted net loss* was \$6.0 million, or (\$0.71) per diluted share, compared to adjusted net loss* of \$1.2 million, or (\$0.15) per diluted share, in the first quarter of 2020.

Restaurant-level operating loss* was \$0.9 million, compared to restaurant-level operating profit* of \$3.0 million in the first quarter of 2020.

Adjusted EBITDA* was (\$4.1) million, compared to \$0.3 million in the first quarter of 2020.

Restaurant Development

During the first quarter of fiscal year 2021, three new restaurants were opened in Fort Lee, NJ; Koreatown (Los Angeles), CA; and Washington DC. Subsequent to November 30, 2020, the Company opened one restaurant in Aventura, Florida.

Conference Call

A conference call and webcast to discuss Kura Sushi's financial results is scheduled for 5:00 p.m. ET today. Hosting the conference call and webcast will be Hajime "Jimmy" Uba, President and Chief Executive Officer; Steven Benrubi, Chief Financial Officer; and Benjamin Porten, Investor Relations Director.

Interested parties may listen to the conference call via telephone by dialing 201-689-8471. A telephone replay will be available shortly after the call has concluded and can be accessed by dialing 412-317-6671; the passcode is 13714604. The replay will be available until January 18, 2021. The webcast will be available at www.kurasushi.com under the investor relations section and will be archived on the site shortly after the call has concluded.

About Kura Sushi USA, Inc.

Kura Sushi USA, Inc. is a technology-enabled Japanese restaurant concept with 29 locations in seven states and Washington DC. The Company offers guests a distinctive dining experience built on authentic Japanese cuisine and an engaging revolving sushi service model. Kura Sushi USA, Inc. was established in 2008 as a subsidiary of Kura Sushi, Inc., a Japan-based revolving sushi chain with over 450 restaurants and 35 years of brand history. For more information, please visit www.kurasushi.com.

Key Financial Definitions

Adjusted Net Income (Loss), a non-GAAP measure, is defined as net income (loss) before certain items, such as certain executive transition costs, that the Company believes are not indicative of its core operating results. Adjusted income (loss) per diluted share represents adjusted net income (loss) divided by the number of diluted shares.

EBITDA, a non-GAAP measure, is defined as net income (loss) before interest, income taxes and depreciation and amortization expenses.

Adjusted EBITDA, a non-GAAP measure, is defined as EBITDA plus stock-based compensation expense, non-cash lease expense, asset disposals, closure costs and restaurant impairments, as well as certain items, such as certain executive transition costs, that the Company believes are not indicative of its core operating results. Adjusted EBITDA margin is defined as adjusted EBITDA divided by sales.

Restaurant-level Operating Profit (Loss), a non-GAAP measure, is defined as operating income (loss) plus depreciation and amortization expenses; stock-based compensation expense; pre-opening costs and general and administrative expenses which are considered normal, recurring, cash operating expenses and are essential to supporting the development and operations of restaurants; non-cash lease expense; asset disposals, closure costs and restaurant impairments; less corporate-level stock-based compensation expense recognized within general and administrative expenses. Restaurant-level operating profit (loss) margin is defined as restaurant-level operating profit (loss) divided by sales.

Comparable Restaurant Sales Performance refers to the change in year-over-year sales for the comparable restaurant base. The Company include restaurants in the comparable restaurant base that have been in operation for at least 18 months prior to the start of the accounting period presented, including those temporarily closed for renovations during the year. For restaurants that were temporarily closed for renovations during the year, the Company makes fractional adjustments to sales such that sales are annualized in the associated period. Performance in comparable restaurant sales represents the percent change in sales from the same period in the prior year for the comparable restaurant base. The Company did not make any adjustments for the temporary restaurant closures due to COVID-19.

Non-GAAP Financial Measures

To supplement the condensed financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), certain financial measures, such as adjusted net income (loss), EBITDA, adjusted EBITDA, adjusted EBITDA margin, restaurant-level operating profit (loss) and restaurant-level operating profit (loss) margin ("Non-GAAP measures") are not recognized under GAAP. These Non-GAAP measures are intended as supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. The Company is presenting these Non-GAAP measures because the Company believes that they provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and operating results. These measures also may not provide a complete understanding of the operating results of the Company as a whole and such measures should be reviewed in conjunction with our GAAP financial results. Additionally, the Company presents restaurant-level operating profit (loss) because it excludes the impact of general and administrative expenses which are not incurred at the restaurant-level. The Company also uses restaurant-level operating profit (loss) to measure operating performance and returns from opening new restaurants.

The Company believes that the use of these Non-GAAP measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, you should be aware that restaurant-level operating profit (loss) and restaurant-level operating profit (loss) margin are financial measures which are not indicative of overall results for the Company, and restaurant-level operating profit (loss)

and restaurant-level operating profit (loss) margin do not accrue directly to the benefit of stockholders because of corporate-level expenses excluded from such measures. In addition, you should be aware when evaluating these Non-GAAP measures that in the future the Company may incur expenses similar to those excluded when calculating these measures. The Company's presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of these Non-GAAP measures may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate these Non-GAAP measures in the same fashion. Because of these limitations, these Non-GAAP measures should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. The Company compensates for these limitations by relying primarily on its GAAP results and using these Non-GAAP measures on a supplemental basis.

Forward-Looking Statements

Except for historical information contained herein, the statements in this press release or otherwise made by our management in connection with the subject matter of this press release are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and involve risks and uncertainties and are subject to change based on various important factors. This press release includes forward-looking statements that are based on management's current estimates or expectations of future events or future results. These statements are not historical in nature and can generally be identified by such words as "target," "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "design," "estimate," "continue," "predict," "potential," "plan," "anticipate" or the negative of these terms, and similar expressions. Management's expectations and assumptions regarding future results are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements included in this press release. These risks and uncertainties include but are not limited to: risks related to the COVID-19 outbreak; our ability to successfully resume and maintain increases in our comparable restaurant sales; our ability to successfully execute our growth strategy and open new restaurants that are profitable; our ability to expand in existing and new markets; our projected growth in the number of our restaurants; macroeconomic conditions and other economic factors; our ability to compete with many other restaurants; our reliance on vendors, suppliers and distributors, including our parent company Kura Sushi, Inc.; concerns regarding food safety and foodborne illness; changes in consumer preferences and the level of acceptance of our restaurant concept in new markets; minimum wage increases and mandated employee benefits that could cause a significant increase in our labor costs; the failure of our automated equipment or information technology systems or the breach of our network security; the loss of key members of our management team; the impact of governmental laws and regulations; volatility in the price of our common stock; and other risks and uncertainties as described in our filings with the Securities and Exchange Commission ("SEC"). These and other factors that could cause results to differ materially from those described in the forward-looking statements contained in this press release can be found in the Company's other filings with the SEC. Undue reliance should not be placed on forward-looking statements, which are only current as of the date they are made. The Company assumes no obligation to update or revise its forward-looking statements, except as may be required by applicable law.

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Investor Relations Contact:
Fitzhugh Taylor or Steven Boediarso
(657) 333-4010
investor@kurausa.com

Kura Sushi USA, Inc.
Condensed Statements of Operations
(in thousands, except per share amounts; unaudited)

	Three Months Ended November 30,	
	2020	2019
Sales	\$ 9,414	\$ 17,440
Restaurant operating costs:		
Food and beverage costs	3,053	5,693
Labor and related costs	4,360	5,641
Occupancy and related expenses	1,690	1,439
Depreciation and amortization expenses	927	663
Other costs	2,079	2,047
Total restaurant operating costs	12,109	15,483
General and administrative expenses	3,521	3,326
Depreciation and amortization expenses	75	22
Total operating expenses	15,705	18,831
Operating loss	(6,291)	(1,391)
Other expense (income):		
Interest expense	34	34
Interest income	(4)	(197)
Loss before income taxes	(6,321)	(1,228)
Income tax expense (benefit)	29	(4)
Net loss	\$ (6,350)	\$ (1,224)
Net loss per Class A and Class B common shares		
Basic	\$ (0.76)	\$ (0.15)
Diluted	\$ (0.76)	\$ (0.15)
Weighted average Class A and Class B shares outstanding		
Basic	8,348	8,335
Diluted	8,348	8,335

Kura Sushi USA, Inc
Selected Balance Sheet Data and Selected Operating Data
(in thousands; except restaurants and percentages; unaudited)

	November 30, 2020		August 31, 2020	
Selected Balance Sheet Data:				
Cash and cash equivalents	\$	2,745	\$	9,259
Total assets	\$	115,393	\$	118,379
Loan with affiliate	\$	3,000		—
Total liabilities	\$	75,670	\$	72,666
Total stockholders' equity	\$	39,723	\$	45,713
	Three Months Ended November 30,			
	2020		2019	
Selected Operating Data:				
Restaurants at the end of period		28		23
Comparable restaurant sales performance		(50.8)%		7.9%
EBITDA	\$	(5,289)	\$	(706)
Adjusted EBITDA	\$	(4,057)	\$	(342)
Adjusted EBITDA margin		(43.1)%		(2.0)%
Operating loss	\$	(6,291)	\$	(1,391)
Operating loss margin		(66.8)%		(8.0)%
Restaurant-level operating (loss) profit	\$	(934)	\$	3,024
Restaurant-level operating (loss) profit margin		(9.9)%		17.3%

**Reconciliation of Net Loss and Loss Per Diluted Share to
Adjusted Net Loss and Adjusted Loss Per Diluted Share
(in thousands, except loss per share amounts; unaudited)**

	Three Months Ended November 30,	
	2020	2019
Net loss	\$ (6,350)	\$ (1,224)
Executive transition costs ⁽⁴⁾	390	—
Adjusted net loss	<u><u>\$ (5,960)</u></u>	<u><u>\$ (1,224)</u></u>
Net loss per Class A and Class B common shares		
Loss per diluted share	\$ (0.76)	\$ (0.15)
Executive transition costs ⁽⁴⁾	0.05	—
Adjusted loss per diluted share	<u><u>\$ (0.71)</u></u>	<u><u>\$ (0.15)</u></u>
Weighted average Class A and Class B shares outstanding		
Diluted shares	<u><u>8,348</u></u>	<u><u>8,335</u></u>
Adjusted diluted shares	<u><u>8,348</u></u>	<u><u>8,335</u></u>

Kura Sushi USA, Inc
Reconciliation of Net Loss to EBITDA and Adjusted EBITDA
(in thousands; unaudited)

	Three Months Ended November,	
	2020	2019
Net loss	\$ (6,350)	\$ (1,224)
Interest expense (income), net	30	(163)
Income tax expense (benefit)	29	(4)
Depreciation and amortization expenses	1,002	685
EBITDA	(5,289)	(706)
Stock-based compensation expense(1)	266	121
Non-cash lease expense(2)	576	243
Executive transition costs(4)	390	—
Adjusted EBITDA	\$ (4,057)	\$ (342)

Kura Sushi USA, Inc
Reconciliation of Operating Loss to Restaurant-level Operating (Loss) Profit
(in thousands; unaudited)

	Three Months Ended November 30,	
	2020	2019
Operating loss	\$ (6,291)	\$ (1,391)
Depreciation and amortization expenses	1,002	685
Stock-based compensation expense ⁽¹⁾	266	121
Non-cash lease expense ⁽²⁾	576	243
Pre-opening costs ⁽³⁾	235	145
General and administrative expenses	3,521	3,326
Corporate-level stock-based compensation included in General and administrative expenses	(243)	(105)
Restaurant-level operating (loss) profit	<u>\$ (934)</u>	<u>\$ 3,024</u>

- (1) Stock-based compensation expense includes non-cash stock-based compensation, which is comprised of restaurant-level stock-based compensation included in other costs in the statements of operations and corporate-level stock-based compensation included in general and administrative expenses in the statements of operations.
- (2) Non-cash lease expense includes lease expense from the date of possession of our restaurants that did not require cash outlay in the respective periods.
- (3) Pre-opening costs consist of labor costs and travel expenses for new employees and trainers during the training period, recruitment fees, legal fees, cash-based lease expenses incurred between the date of possession and opening day of our restaurants, and other related pre-opening costs.
- (4) Executive transition costs include severance and search fees associated with the transition of our Chief Financial Officer. The income tax impact of this adjustment was immaterial.



KURA SUSHI MANAGEMENT PRESENTATION

ICR Virtual Conference, January 12 & 13, 2021

DISCLAIMER

This presentation has been prepared for informational purposes only. No money or other consideration is being solicited, and if sent in response, will not be accepted. This presentation shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The Company is not under any obligation to make an offering. It may choose to make an offering to some, but not all, of the people who indicate an interest in investing. Any such offering of securities will only be made by means of a registration statement (including a prospectus) filed with the SEC, after such registration statement becomes effective. No such registration statement has been filed as of the date of this presentation. The information included in any registration statement will be more complete than the information the Company is providing now, and could differ in important ways.

This presentation, related video and oral communications made during the course of this presentation may contain forward-looking statements that involve risks and uncertainties. In some cases, you can identify forward-looking statements by terms such as "target," "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "design," "estimate," "continue," "predict," "potential," "plan," "anticipate" or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. These risks and uncertainties include but are not limited to: risks related to the COVID-19 outbreak; our ability to successfully maintain increases in our comparable restaurant sales; our ability to successfully execute our growth strategy and open new restaurants that are profitable; our ability to expand in existing and new markets; our projected growth in the number of our restaurants; macroeconomic conditions and other economic factors; our ability to compete with many other restaurants; our reliance on vendors, suppliers and distributors, including our parent company Kura Sushi, Inc.; concerns regarding food safety and foodborne illness; changes in consumer preferences and the level of acceptance of our restaurant concept in new markets; minimum wage increases and mandated employee benefits that could cause a significant increase in our labor costs; the failure of our automated equipment or information technology systems or the breach of our network security; the loss of key members of our management team; the impact of governmental laws and regulations; volatility in the price of our common stock; and other risks and uncertainties as described in our filings with the Securities and Exchange Commission ("SEC"). Given these assumptions, risks and uncertainties, you should not place undue reliance on these forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected. Unless required by United States federal securities laws, we do not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made. Our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The market data and certain other statistical information used throughout this presentation are based on independent industry publications, governmental publications, reports by market research firms or other independent sources. Some data are also based on our good faith estimates. Although we believe these third-party sources are reliable, we have not independently verified the information attributed to these third-party sources and cannot guarantee its accuracy and completeness. Similarly, our estimates have not been verified by any independent source.

Certain financial measures presented in this presentation, such as Adjusted EBITDA, Adjusted EBITDA margin and Restaurant-level Contribution margin, are not recognized under generally accepted accounting principles in the United States ("GAAP") and are defined in the accompanying Appendix. Such non-GAAP measures are intended as supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. We believe that the use of such non-GAAP measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, you should be aware that such non-GAAP financial measures are not indicative of overall results for the Company, and Restaurant-level Contribution margin does not accrue directly to the benefit of stockholders because of corporate-level expenses excluded from such measure. Because of these limitations, non-GAAP financial measures should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. See the accompanying Appendix for a reconciliation of non-GAAP measures used in this presentation. Additional financial data and other measures for the company, including Average Unit Volume (AUVs), Comparable restaurant sales growth, Number of restaurant openings and Average check, are defined in the Appendix.

By attending or receiving this presentation and viewing the related video, you acknowledge that you will be solely responsible for your own assessment of the market and our market position and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of our business.





SECTION 1: COMPANY OVERVIEW

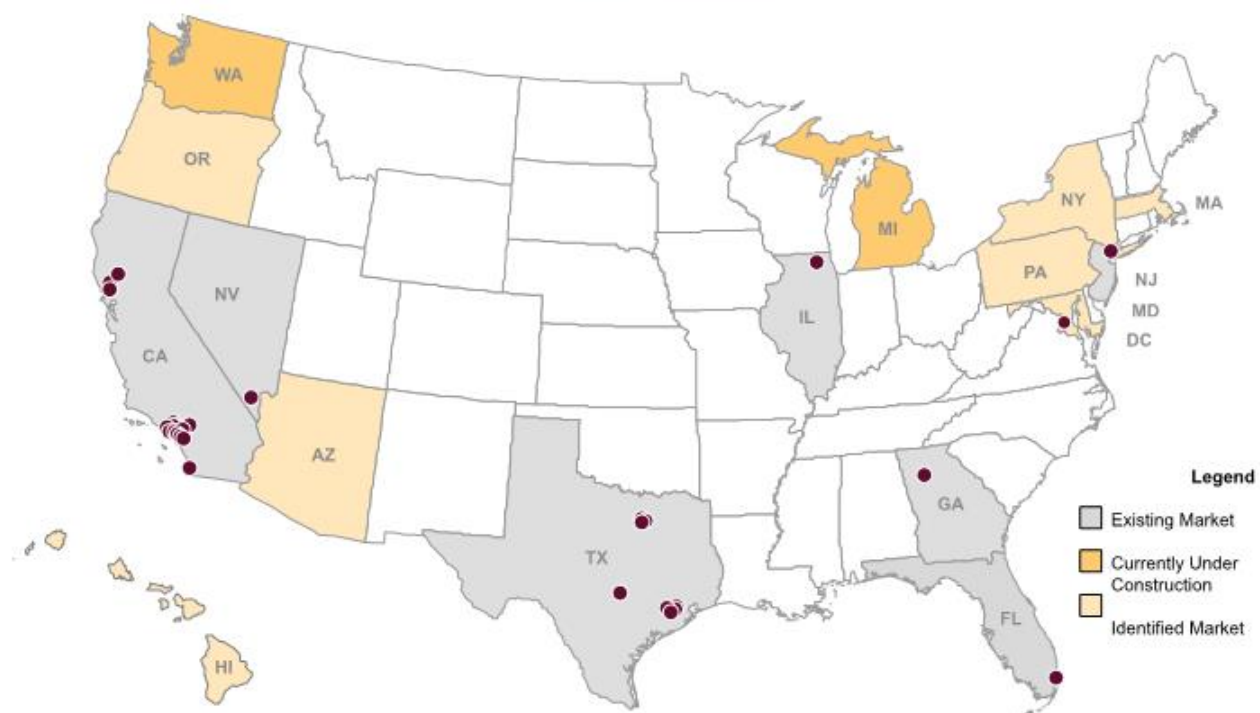
Section 1	Company Overview
Section 2	Growth and Near-term Strategy
Section 3	Financial
Appendix A	Definitions
Appendix B	Reconciliations

KURA EXPERIENCE VIDEO



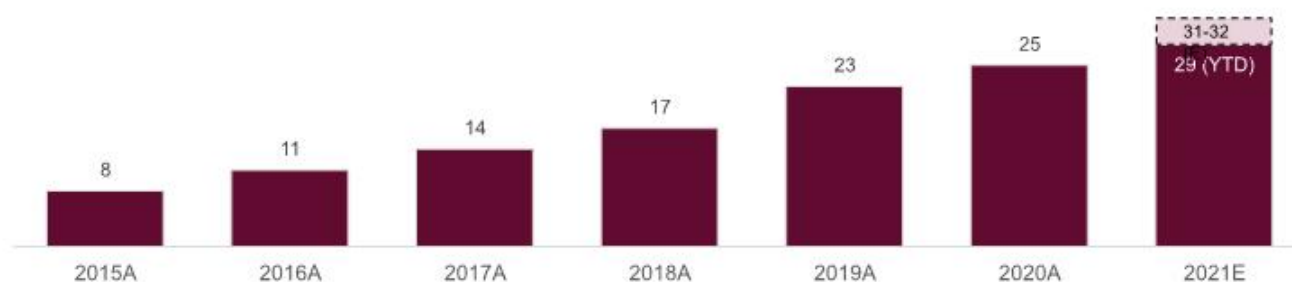
SYSTEM FOOTPRINT AND ANTICIPATED NEW MARKETS

Fiscal Years 2021, 2022



FINANCIAL SNAPSHOT

HISTORICAL UNIT GROWTH



RECENT FINANCIAL PERFORMANCE

(US\$ in thousands)

	Fiscal Year 2019	Fiscal Year 2020	FY20 Q1	FY21 Q1
Average Unit Volumes	\$3,498	\$1,942	n.a.	n.a.
Comparable Restaurant Sales Growth	6.2%	(37.8)%	7.9%	(50.8)%
Sales	\$64,245	\$45,168	\$17,440	\$9,414
Operating Income (Loss)	\$1,661	\$(16,498)	\$(1,391)	\$(6,291)
Net Income (Loss)	\$1,456	\$(17,358)	\$(1,224)	\$(6,350)
Restaurant-Level Operating Profit (Loss) ⁽¹⁾	\$12,945	\$(733)	\$3,024	\$(934)
Restaurant-Level Operating Profit (Loss) Margin ⁽¹⁾	20.1%	(1.6)%	17.3%	(9.9)%
Adjusted EBITDA ⁽¹⁾	\$5,195	\$(12,995)	\$(342)	\$(4,057)
Adjusted EBITDA margin ⁽¹⁾	8.1%	(28.8)%	(2.0)%	(43.1)%



(1) Non-GAAP: See Appendix B for Reconciliation



SECTION 2: GROWTH AND NEAR-TERM STRATEGY

Section 1	Company Overview
Section 2	Growth and Near-term Strategy
Section 3	Financial
Appendix A	Definitions
Appendix B	Reconciliations

KEY ASSUMPTIONS

OUR BUSINESS MODEL AND CONSUMER DEMAND REMAIN STRONG

- Our sales levels, as compared to prior year, continue to track proportionately to dining room capacity restrictions, indicating strong, ongoing consumer demand.
- Automation-heavy restaurant model will become an increasingly meaningful competitive advantage as labor inflation continues.
- While the timeline is unclear, we believe that the pandemic will eventually end and will not be a permanent fact of life.
- We are confident that our unit economics will recover to previous industry-leading levels once we are able to return to normalcy.

UNIT GROWTH REMAINS CRITICAL TO CORPORATE GROWTH

- Our primary strategy to improve profitability is to leverage G&A by growing revenue.
 - At this point in our growth story, the impact of new units openings on revenue growth is far greater than other revenue drivers such as comps.
- By continuing to open new units, we will be able to receive their full benefit and hit the ground running upon normalcy, positioning us for a rapid recovery and significantly reducing our post-pandemic recovery timeline.
- We aim to take advantage of real estate opportunities unique to the sushi industry, due to the industry's fragmentation and high proportion of individual owner-operators.

CAPITAL ACCESS AND PARENT COMPANY SUPPORT

- We have increased our revolver from \$20M to \$35M, providing ample pandemic support and growth capital.
- Ongoing support from our parent company allows us to make capital expenditure decisions that would be impossible or considered too risky for other chains.
- With our capital access, we have the freedom to pursue all of the opportunities that the pandemic presents.



RECENT EVENTS AND INITIATIVES

- Four stores have been opened to-date in fiscal year 21, allowing us to enter three new markets.
 - Fort Lee, NJ, opened in September and is significantly outperforming expectations
 - Washington, D.C., opened in November.
 - Koreatown, Los Angeles, opened in November.
 - Aventura, FL, opened in January.
- Upgrading our development capabilities.
 - Brought on first Kura Sushi USA CDO in May.
 - Adopted Forum Analytics as our data analysis platform, which will allow for a more data-driven site selection process.
- Reinforced liquidity by increasing revolver from \$20M to \$35M.
 - Extended payback period from 1 year to 5 years.
- Building our off-premises business.
 - Expanded off-premises business through systemwide adoption of Square.
 - Completed integration of mobile ordering into our existing app through Square.
 - Square also offers tableside payment and in-restaurant ordering with mobile phones.
 - These efforts grew our off-premises mix from our historical 1%, to 17% for Q4 of fiscal 20 and 13.8% for Q1 of fiscal 21.
 - We believe that we are still very early in our off-premises life cycle, and that our off-premises has abundant room to grow.
- System improvements
 - Completed systemwide Crunchtime rollout as our new BOH platform.
 - Updates to our mobile app, to integrate waitlist check-in, mobile ordering, and rewards into a single package.



NEW UNIT PIPELINE

ROBUST PIPELINE FOR FISCAL YEARS 21 AND 22

UNDER CONSTRUCTION

- Sherman Oaks, CA
- Bellevue, WA
- Troy, MI

EXECUTED LEASES

- Stonestown Galleria, San Francisco, CA
- Watertown, MA
- Oakbrook, IL

PLANNED MARKETS AND LEASES UNDER NEGOTIATION


- | | |
|---------------------------|-------------------------|
| • Chandler, AZ | • Washington Square, OR |
| • Camelback Colonnade, AZ | • Long Island, NY |
| • UTC San Diego, CA | • Philadelphia, PA |
| • Johns Creek, GA | • King of Prussia, PA |
| • Honolulu, HI | • Arlington, TX |
| • Skokie, IL | • San Antonio, TX |
| • Dorchester, MA | • Lynwood, WA |
| • Rockville, MD | • Southcenter, WA |



OFF-PREMISES

- Historically, our focus has been on driving revenue through in-restaurant sales.
 - As we believe a significant component of our consumer appeal is the Kura Experience, building off-premises sales were a low priority, with the off-premises sales mix representing only 1% of revenue.
 - Indoor dining remains the biggest source of revenue, as we've seen revenue increases in direct proportion to relaxed indoor dining restrictions
 - However, dining room restrictions are beyond our control, and represent a ceiling on our earning ability if we limit our sales focus to dining rooms.
- While we continue to believe that, after the pandemic, our guests will prefer indoor dining to off-premises dining, we have shifted gears and have made building our off-premises business one of our top priorities.
- Our off-premises revenue for Q1 grew to \$1.3M, with the majority of off-premises orders being placed by phone or in person.
- In December, we completed phasing out Grubhub and moving to Square as our new off-premises platform, due to a superior fee structure and greater technological flexibility.
 - In December, thanks to full implementation of Square, online orders outpaced in-person or telephone off-premises orders for the first time.


GRUBHUB 17451 Denian Ave. Kura Revolving Sushi Bar - Irvine



Kura Revolving Sushi Bar - Irvine

2700 Alton Pkwy (949) 553-0747

47 ratings 98% Food was good 100% Delivery was on time 96% Order was correct

 **KURA** 寿司
REVOLVING SUSHI BAR

10

OFF-PREMISES

(continued)

- We have completed our pilot program with Square, and completed our systemwide rollout in December.
 - We can also now offer mobile ordering through our existing app via Square's ordering page (see right).
 - These efforts have driven much stronger off-premises sales by removing customer friction and by allowing us to offer our food at the same prices as our restaurants, due to Square's lower fees.
- Since adopting Square, we have launched three online ordering advertising campaigns directed towards our rewards members, which have been very well-received.
- While off-premises revenue is strongest in markets without indoor dining, our off-premises mix has grown even in markets like TX, which has 50% - 75% indoor dining, indicating that at least part of the off-premises growth we're seeing during the pandemic will be incremental post-pandemic.



Kura Revolving Sushi Bar - Irvine

2700 Alton Pkwy #133, Irvine, California 92606 • Pickup until 9:30 pm • Estimated prep time: 30 minutes

Pickup ASAP [Change time](#)

Nigiri Rolls Hand Rolls (Seaweed) Hand Rolls (Soy Paper) Gunkan Sides Soup Rice Dessert

The screenshot shows the Kura Sushi mobile app interface. At the top, the status bar shows the time as 4:02 PM. The app header is orange with the Kura Sushi logo. Below the header, the guest name is set to "John Doe" and the location is "Irvine(CA)". The app displays the approximate wait time as 0 minutes as of 04:01 PM (US/Pacific). The open hours are listed as 11:30 AM ~ 09:30 PM. There are buttons for "Order Online" and "welp". The party size is set to 1, and the seating preference is "First Available". At the bottom, there are two large buttons: "CHECK-IN" (green) and "REFRESH" (yellow).



SUMMARY OF STORE OPERATION STATUS

(All dates refer to the beginning of each month)

		4Q20			1Q21			2Q21
		June	July	August	September	October	November	December
California Stores (14 units as of June)	Indoor + Outdoor	12	0	1	1	5	14 (Koreatown open)	0
	Outdoor + Off-Prem	0	3	10	10	7	0	9 ⁽¹⁾
	Off-Prem Only	0	11	1	0	0	0	6
	Closed	2	0	2	3	2	1	0
Other Markets (11 units as of June)	Indoor	9	11	11	12 (Fort Lee open)	12	13 (DC open)	12
	Outdoor + Off-Prem	0	0	0	0	0	0	0
	Off-Prem Only	0	0	0	0	0	0	1
	Closed	2	0	0	0	0	0	0



(1) Outdoor dining was banned throughout CA as of 12/6/20, resulting in all CA stores being open for only off-premises from 12/6/20 onwards.

RECENT TRENDS

Store Performance

	August	September	October	November	December
Revenue	\$2.2M	\$2.9M	\$3.4M	\$3.1M	\$2.8M
Comp Sales	(66)%	(54)%	(44)%	(53)%	(64)%
CA Comps	(79)%	(66)%	(58)%	(65)%	(82)%
TX Comps	(49)%	(38)%	(24)%	(33)%	(35)%

Store Count with Indoor Dining

	August	September	October	November	December
CA	1	5	8	8	0
Non-CA	11	12	12	12	12



RECENT REVENUE TRENDS**Store Performance**

	August	September	October	November	December
Revenue	\$2.2M	\$2.9M	\$3.4M	\$3.1M	\$2.8M
Comp Sales	(66)%	(54)%	(44)%	(53)%	(64)%

Store Count with Indoor Dining

	August	September	October	November	December
CA	1	5	8	8	0
Non-CA	11	12	12	12	12

Off-Premises Revenue

	August	September	October	November	December
Grubhub	\$35K	\$80K	\$120K	\$110K	\$0
Square	\$0	\$0	\$0	\$50K	\$540K
Total Off-Premises	\$330K	\$400K	\$430K	\$470K	\$860K



WEEKLY EXPENDITURE ANALYSIS

Expenditure Bucket	FY20 Q4 (A)	FY21 Q1 (A)	FY21 Q2 – Q4 (E)
Capex	\$400K	\$500K	\$120K - \$160K
G&A	\$225K	\$250K	\$250K - \$270K
RL Expenditures	\$225K	\$75K	-
Total	\$850K	\$825K	-





SECTION 3: FINANCIAL

Section 1	Overview
Section 2	Growth and Near-term Strategy
Section 3	Financial
Appendix A	Definitions
Appendix B	Reconciliations

CONDENSED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts; unaudited)

	Three Months Ended November 30,	
	2020	2019
Sales	\$ 9,414	\$ 17,440
Restaurant operating costs:		
Food and beverage costs	3,053	5,693
Labor and related costs	4,360	5,641
Occupancy and related expenses	1,690	1,439
Depreciation and amortization expenses	927	663
Other costs	2,079	2,047
Total restaurant operating costs	12,109	15,483
General and administrative expenses	3,521	3,326
Depreciation and amortization expenses	75	22
Total operating expenses	15,705	18,831
Operating loss	(6,291)	(1,391)
Other expense (income):		
Interest expense	34	34
Interest income	(4)	(197)
Loss before income taxes	(6,321)	(1,228)
Income tax expense (benefit)	29	(4)
Net loss	\$ (6,350)	\$ (1,224)
Net loss per Class A and Class B common shares		
Basic	\$ (0.76)	\$ (0.15)
Diluted	\$ (0.76)	\$ (0.15)
Weighted average Class A and Class B shares outstanding		
Basic	8,348	8,335
Diluted	8,348	8,335



SELECTED BALANCE SHEET DATA AND SELECTED OPERATING DATA

(in thousands, except restaurants and percentages; unaudited)

	November 30, 2020		August 31, 2020	
Selected Balance Sheet Data:				
Cash and cash equivalents	\$	2,745	\$	9,259
Total assets	\$	115,393	\$	118,379
Loan with affiliate	\$	3,000		—
Total liabilities	\$	75,670	\$	72,666
Total stockholders' equity	\$	39,723	\$	45,713

	Three Months Ended November 30,			
	2020		2019	
Selected Operating Data:				
Restaurants at the end of period		28		23
Comparable restaurant sales performance		(50.3)%		7.9%
EBITDA	\$	(5,289)	\$	(706)
Adjusted EBITDA	\$	(4,057)	\$	(342)
Adjusted EBITDA margin		(43.1)%		(2.0)%
Operating loss	\$	(6,291)	\$	(1,391)
Operating loss margin		(66.8)%		(8.0)%
Restaurant-level operating (loss) profit	\$	(934)	\$	3,024
Restaurant-level operating (loss) profit margin		(9.9)%		17.3%





APPENDIX A: DEFINITIONS

Section 1	Company Overview
Section 2	Growth and Near-term Strategy
Section 3	Summary
Appendix A	Definitions
Appendix B	Reconciliations

KEY FINANCIAL DEFINITIONS

- **EBITDA**, a non-GAAP measure, is defined as net income (loss) before interest, income taxes and depreciation and amortization.
- **Adjusted EBITDA**, a non-GAAP measure, is defined as EBITDA plus stock-based compensation expense, non-cash lease expense, asset disposals, closure costs and restaurant impairments, as well as certain items that the Company believes are not indicative of its core operating results. Adjusted EBITDA margin is defined as adjusted EBITDA divided by sales.
- **Average Unit Volumes ("AUVs")** consist of the average annual sales of all restaurants that have been open for 18 months or longer at the end of the fiscal year presented. AUVs are calculated by dividing (x) annual sales for the fiscal year presented for all such restaurants by (y) the total number of restaurants in that base. The Company makes fractional adjustments to sales for restaurants that were not open for the entire fiscal year presented (e.g., a restaurant is closed for renovation) to annualize sales for such period of time. The Company did not make any adjustments for the temporary restaurant closures due to COVID-19.
- **Restaurant-level Operating Profit (Loss)**, a non-GAAP measure, is defined as operating income (loss) plus depreciation and amortization; stock-based compensation expense; pre-opening costs and general administrative expenses which are considered normal, recurring, cash operating expenses and are essential to supporting the development and operations of our restaurants; non-cash lease expense; asset disposals, closure costs and restaurant impairments; less corporate-level stock-based compensation expense recognized within general and administrative expenses. Restaurant-level Operating Profit margin is defined as restaurant-level operating profit (loss) divided by sales.
- **Comparable Restaurant Sales Growth** refers to the change in year-over-year sales for the comparable restaurant base. The Company include restaurants in the comparable restaurant base that have been in operation for at least 18 months prior to the start of the accounting period presented, including those temporarily closed for renovations during the year. For restaurants that were temporarily closed for renovations during the year, the Company makes fractional adjustments to sales such that sales are annualized in the associated period. Growth in comparable restaurant sales represents the percent change in sales from the same period in the prior year for the comparable restaurant base. The Company did not make any adjustments for the temporary restaurant closures due to COVID-19.



NON-GAAP FINANCIAL MEASURES

- To supplement the condensed financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), certain financial measures, such as EBITDA, adjusted EBITDA, adjusted EBITDA margin, restaurant-level operating profit (loss) and restaurant-level operating profit margin ("Non-GAAP measures") are not recognized under GAAP. These Non-GAAP measures are intended as supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. The Company is presenting these Non-GAAP measures because the Company believes that they provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and operating results. However, these measures may not provide a complete understanding of the operating results of the Company as a whole and such measures should be reviewed in conjunction with our GAAP financial results. Additionally, the Company presents restaurant-level operating profit because it excludes the impact of general and administrative expenses which are not incurred at the restaurant-level. The Company also uses restaurant-level operating profit to measure operating performance and returns from opening new restaurants.
- The Company believes that the use of these Non-GAAP measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, you should be aware that restaurant-level operating profit and restaurant-level operating profit margin are financial measures which are not indicative of overall results for the Company, and restaurant-level operating profit and restaurant-level operating profit margin do not accrue directly to the benefit of stockholders because of corporate-level expenses excluded from such measures. In addition, you should be aware when evaluating these Non-GAAP measures that in the future the Company may incur expenses similar to those excluded when calculating these measures. The Company's presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of these Non-GAAP measures may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate these Non-GAAP measures in the same fashion. Because of these limitations, these Non-GAAP measures should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. The Company compensates for these limitations by relying primarily on our GAAP results and using these Non-GAAP measures on a supplemental basis.





APPENDIX B: RECONCILIATIONS

Section 1	Company Overview
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RECONCILIATION OF NET LOSS TO EBITDA AND ADJUSTED EBITDA

(in thousands; unaudited)

	Three Months Ended November,	
	2020	2019
Net loss	\$ (6,350)	\$ (1,224)
Interest expense (income), net	30	(163)
Income tax expense (benefit)	29	(4)
Depreciation and amortization expenses	1,002	685
EBITDA	(5,289)	(706)
Stock-based compensation expense ⁽¹⁾	266	121
Non-cash lease expense ⁽²⁾	576	243
Executive transition costs ⁽⁴⁾	390	—
Adjusted EBITDA	\$ (4,057)	\$ (342)

(1) Stock-based compensation expense includes non-cash stock-based compensation, which is comprised of restaurant-level stock-based compensation included in other costs in the statements of operations and corporate-level stock-based compensation included in general and administrative expenses in the statements of operations.

(2) Non-cash lease expense includes lease expense from the date of possession of our restaurants that did not require cash outlay in the respective periods.

(3) Pre-opening costs consist of labor costs and travel expenses for new employees and trainers during the training period, recruitment fees, legal fees, cash-based lease expenses incurred between the date of possession and opening day of our restaurants, and other related pre-opening costs.

(4) Executive transition costs include severance and search fees associated with the transition of our Chief Financial Officer. The income tax impact of this adjustment was immaterial.



RECONCILIATION OF OPERATING LOSS TO RESTAURANT-LEVEL OPERATING PROFIT (LOSS)

(in thousands; unaudited)

	Three Months Ended November 30,	
	2020	2019
Operating loss	\$ (6,291)	\$ (1,391)
Depreciation and amortization expenses	1,002	685
Stock-based compensation expense ⁽¹⁾	266	121
Non-cash lease expense ⁽²⁾	576	243
Pre-opening costs ⁽³⁾	235	145
General and administrative expenses	3,521	3,326
Corporate-level stock-based compensation included in General and administrative expenses	(243)	(105)
Restaurant-level operating (loss) profit	\$ (934)	\$ 3,024

(1) Stock-based compensation expense includes non-cash stock-based compensation, which is comprised of restaurant-level stock-based compensation included in other costs in the statements of operations and corporate-level stock-based compensation included in general and administrative expenses in the statements of operations.

(2) Non-cash lease expense includes lease expense from the date of possession of our restaurants that did not require cash outlay in the respective periods.

(3) Pre-opening costs consist of labor costs and travel expenses for new employees and trainers during the training period, recruitment fees, legal fees, cash-based lease expenses incurred between the date of possession and opening day of our restaurants, and other related pre-opening costs.

(4) Executive transition costs include severance and search fees associated with the transition of our Chief Financial Officer. The income tax impact of this adjustment was immaterial.



