

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-39012

KURA SUSHI USA, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
17461 Derian Avenue, Suite 200
Irvine, California
(Address of principal executive offices)

26-3808434
(I.R.S. Employer
Identification No.)

92614
(Zip Code)

Registrant's telephone number, including area code: (657) 333-4100

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, \$0.001 par value per share	KRUS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 1, 2026, the registrant had 11,149,786 shares of Class A common stock, \$0.001 par value per share, outstanding and 1,000,050 shares of Class B common stock, \$0.001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Kura Sushi USA, Inc.
Condensed Balance Sheets
(amounts in thousands, except for par value)
(Unaudited)

	May 31, 2026	August 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,372	\$ 47,498
Short-term investments	19,943	14,964
Accounts and other receivables	7,063	6,410
Inventories	2,560	2,141
Due from affiliate	16	126
Prepaid expenses and other current assets	4,936	4,308
Total current assets	58,890	75,447
Non-current assets:		
Property and equipment – net	203,765	171,190
Operating lease right-of-use assets	179,039	146,416
Long-term investments	21,771	29,542
Deposits and other assets	8,113	8,347
Total assets	\$ 471,578	\$ 430,942
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 12,107	\$ 11,533
Accrued expenses and other current liabilities	4,880	4,116
Salaries and wages payable	11,256	10,310
Operating lease liabilities – current	15,687	14,083
Due to affiliate	462	525
Sales tax payable	2,490	2,213
Total current liabilities	46,882	42,780
Non-current liabilities:		
Operating lease liabilities – non-current	192,262	155,932
Other liabilities	1,588	1,160
Total liabilities	240,732	199,872
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000 shares authorized, no shares issued or outstanding	—	—
Class A common stock, \$0.001 par value; 50,000 shares authorized, 11,150 and 11,111 shares issued and outstanding as of May 31, 2026 and August 31, 2025, respectively	11	11
Class B common stock, \$0.001 par value; 10,000 shares authorized, 1,000 shares issued and outstanding as of May 31, 2026 and August 31, 2025	1	1
Additional paid-in capital	270,112	265,973
Accumulated deficit	(39,241)	(34,892)
Accumulated other comprehensive loss	(37)	(23)
Total stockholders' equity	230,846	231,070
Total liabilities and stockholders' equity	\$ 471,578	\$ 430,942

The accompanying notes are an integral part of these condensed financial statements.

Kura Sushi USA, Inc.
Condensed Statements of Operations and Comprehensive Income (Loss)
(amounts in thousands, except for per share data)
(Unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2026	2025	2026	2025
Sales	\$ 85,922	\$ 73,965	\$ 239,395	\$ 203,315
Restaurant operating costs:				
Food and beverage costs	25,911	20,928	72,162	58,225
Labor and related costs	26,280	24,478	74,756	68,306
Occupancy and related expenses	6,676	5,538	19,032	15,391
Depreciation and amortization expenses	4,236	3,450	12,358	9,827
Other costs	12,556	10,883	35,950	29,004
Total restaurant operating costs	75,659	65,277	214,258	180,753
General and administrative expenses	10,193	8,741	30,711	28,459
Depreciation and amortization expenses	109	109	373	328
Total operating expenses	85,961	74,127	245,342	209,540
Operating loss	(39)	(162)	(5,947)	(6,225)
Other expense (income):				
Interest expense	17	30	50	56
Interest income	(528)	(812)	(1,784)	(2,236)
Income (loss) before income taxes	472	620	(4,213)	(4,045)
Income tax expense	49	55	136	132
Net income (loss)	\$ 423	\$ 565	\$ (4,349)	\$ (4,177)
Net income (loss) per Class A and Class B shares				
Basic	\$ 0.03	\$ 0.05	\$ (0.36)	\$ (0.35)
Diluted	\$ 0.03	\$ 0.05	\$ (0.36)	\$ (0.35)
Weighted average Class A and Class B shares outstanding				
Basic	12,146	12,086	12,126	11,855
Diluted	12,359	12,311	12,126	11,855
Other comprehensive income (loss):				
Unrealized loss on investments	\$ (60)	\$ (8)	\$ (14)	\$ (8)
Comprehensive income (loss)	\$ 363	\$ 557	\$ (4,363)	\$ (4,185)

The accompanying notes are an integral part of these condensed financial statements.

Kura Sushi USA, Inc.
Condensed Statements of Stockholders' Equity
(amounts in thousands)
(Unaudited)

Common Stock								
	Class A		Class B		Additional Paid-in	Accumulated	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Deficit		
Balances as of August 31, 2025	<u>11,111</u>	<u>\$ 11</u>	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 265,973</u>	<u>\$ (34,892)</u>	<u>\$ (23)</u>	<u>\$ 231,070</u>
Stock-based compensation	—	—	—	—	1,128	—	—	1,128
Employee stock plan	—	—	—	—	23	—	—	23
Net loss	—	—	—	—	—	(3,060)	—	(3,060)
Other comprehensive income	—	—	—	—	—	—	40	40
Balances as of November 30, 2025	<u>11,111</u>	<u>\$ 11</u>	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 267,124</u>	<u>\$ (37,952)</u>	<u>\$ 17</u>	<u>\$ 229,201</u>
Stock-based compensation	—	—	—	—	1,226	—	—	1,226
Employee stock plan	25	—	—	—	90	—	—	90
Net loss	—	—	—	—	—	(1,712)	—	(1,712)
Other comprehensive income	—	—	—	—	—	—	6	6
Balances as of February 28, 2026	<u>11,136</u>	<u>\$ 11</u>	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 268,440</u>	<u>\$ (39,664)</u>	<u>\$ 23</u>	<u>\$ 228,811</u>
Stock-based compensation	—	—	—	—	1,281	—	—	1,281
Employee stock plan	14	—	—	—	391	—	—	391
Net income	—	—	—	—	—	423	—	423
Other comprehensive loss	—	—	—	—	—	—	(60)	(60)
Balances as of May 31, 2026	<u>11,150</u>	<u>\$ 11</u>	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 270,112</u>	<u>\$ (39,241)</u>	<u>\$ (37)</u>	<u>\$ 230,846</u>

Common Stock								
	Class A		Class B		Additional Paid-in	Accumulated	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Deficit		
Balances as of August 31, 2024	<u>10,253</u>	<u>\$ 10</u>	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 195,515</u>	<u>\$ (32,988)</u>	<u>\$ —</u>	<u>\$ 162,538</u>
Stock-based compensation	—	—	—	—	1,152	—	—	1,152
Employee stock plan	11	—	—	—	493	—	—	493
Issuance of common stock in connection with follow-on public offering, net of underwriter discounts and issuance costs	800	1	—	—	64,354	—	—	64,355
Net loss	—	—	—	—	—	(961)	—	(961)
Balances as of November 30, 2024	<u>11,064</u>	<u>\$ 11</u>	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 261,514</u>	<u>\$ (33,949)</u>	<u>\$ —</u>	<u>\$ 227,577</u>
Stock-based compensation	—	—	—	—	1,102	—	—	1,102
Employee stock plan	21	—	—	—	147	—	—	147
Net loss	—	—	—	—	—	(3,781)	—	(3,781)
Balances as of February 28, 2025	<u>11,085</u>	<u>\$ 11</u>	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 262,763</u>	<u>\$ (37,730)</u>	<u>\$ —</u>	<u>\$ 225,045</u>
Stock-based compensation	—	—	—	—	1,356	—	—	1,356
Employee stock plan	3	—	—	—	46	—	—	46
Net income	—	—	—	—	—	565	—	565
Other comprehensive loss	—	—	—	—	—	—	(8)	(8)
Balances as of May 31, 2025	<u>11,088</u>	<u>\$ 11</u>	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 264,165</u>	<u>\$ (37,165)</u>	<u>\$ (8)</u>	<u>\$ 227,004</u>

The accompanying notes are an integral part of these condensed financial statements.

Kura Sushi USA, Inc.
Condensed Statements of Cash Flows
(amounts in thousands)
(Unaudited)

	Nine Months Ended May 31,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (4,349)	\$ (4,177)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	12,731	10,155
Stock-based compensation, net of amounts capitalized	3,541	3,501
Loss on disposal of property and equipment	19	—
Bond premium amortization	146	284
Changes in operating assets and liabilities:		
Accounts and other receivables	(360)	(473)
Inventories	(419)	(74)
Due from affiliate	110	153
Prepaid expenses and other current assets	(198)	(298)
Deposits and other assets	221	(261)
Accounts payable	671	343
Accrued expenses and other current liabilities	(118)	(448)
Salaries and wages payable	946	1,615
Operating lease liabilities and assets	5,324	4,851
Due to affiliate	(73)	6
Sales tax payable	235	161
Net cash provided by operating activities	18,427	15,338
Cash flows from investing activities		
Payments for property and equipment	(43,272)	(36,698)
Payments for initial direct costs	(305)	(277)
Purchases of liquor licenses	(1,012)	(1,011)
Purchases of investments	(35,302)	(70,197)
Maturities and redemptions of investments	37,900	24,000
Net cash used in investing activities	(41,991)	(84,183)
Cash flows from financing activities		
Repayment of principal on finance leases	(66)	(49)
Taxes paid on vested restricted stock awards	(361)	(256)
Proceeds from exercise of stock options	865	942
Proceeds from the follow-on public offering, net of discounts and commissions	—	64,626
Payments of costs related to the follow-on offering	—	(272)
Net cash provided by financing activities	438	64,991
Decrease in cash and cash equivalents	(23,126)	(3,854)
Cash and cash equivalents, beginning of period	47,498	50,986
Cash and cash equivalents, end of period	\$ 24,372	\$ 47,132
Supplemental disclosures of cash flow information		
Cash paid for income taxes	\$ 207	\$ 231
Noncash investing activities		
Acquisition of finance leases	\$ 66	\$ 114
Amounts unpaid for purchases of property and equipment	\$ 4,059	\$ 2,574
Stock-based compensation capitalized to property and equipment, net	\$ 94	\$ 110

The accompanying notes are an integral part of these condensed financial statements.

Kura Sushi USA, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 1. Organization and Basis of Presentation

Kura Sushi USA, Inc. is a technology-enabled Japanese restaurant concept that provides guests with a distinctive dining experience by serving authentic Japanese cuisine through an engaging revolving sushi service model, which the Company refers to as the “Kura Experience.” Kura Sushi encourages healthy lifestyles by serving freshly prepared Japanese cuisine using high-quality ingredients that are free from artificial seasonings, sweeteners, colorings, and preservatives. Kura Sushi aims to make quality Japanese cuisine accessible to its guests across the United States through affordable prices and an inviting atmosphere. “Kura Sushi USA,” “Kura Sushi,” “Kura,” “our” and the “Company” refer to Kura Sushi USA, Inc. unless expressly indicated or the context otherwise requires.

Basis of Presentation

The accompanying unaudited condensed financial statements (the “Condensed Financial Statements”) have been prepared by the Company in accordance with generally accepted accounting principles in the United States (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. As such, these Condensed Financial Statements should be read in conjunction with the Company’s audited financial statements and accompanying notes included in its Annual Report on Form 10-K for the fiscal year ended August 31, 2025.

The accounting policies followed by the Company are set forth in Part II, Item 8, Note 2, Basis of Presentation and Summary of Significant Accounting Policies, of the Notes to Financial Statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended August 31, 2025. In the opinion of management, all adjustments necessary to fairly state the Condensed Financial Statements have been made. All such adjustments are of a normal, recurring nature. The results of operations for interim periods are not necessarily indicative of results to be expected for the fiscal year ending August 31, 2026 or for any other future annual or interim period.

Fiscal Year

The Company’s fiscal year begins on September 1 and ends on August 31, and references made to “fiscal year 2026” and “fiscal year 2025” refer to the Company’s fiscal years ending August 31, 2026 and ended August 31, 2025, respectively.

Use of Estimates

Preparing financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented.

Significant items subject to such estimates include asset retirement obligations, stock-based compensation, the useful lives of assets, the assessment of the recoverability of long-lived assets, and income taxes. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could differ materially from those estimates and assumptions.

Investments

The Company invests in securities, including certificates of deposit, Treasury notes, and U.S. Government Agency debt securities. Investment classification is determined based on the accounting guidance as available for sale or held to maturity. Certificates of deposit and Treasury notes are classified as available-for-sale debt securities and measured at fair value, with unrealized gains or losses recorded in other comprehensive income (loss). U.S. Government Agency debt securities are classified as held-to-maturity and measured at amortized cost. Realized gains or losses are determined on a specific identification basis. The classification of these investments as either short-term or long-term is based on their original maturity dates, with short-term investments having maturities greater than three months but less than one year, and long-term investments having maturities greater than one year.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”, which requires greater disaggregation of income tax disclosures related to the income tax rate reconciliation and income taxes paid and effective for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. The amendments should be applied on a prospective basis although retrospective application is permitted. The Company expects to adopt the guidance in its annual report on Form 10-K for the fiscal year ending August 31, 2026. The Company is currently evaluating the effects of this pronouncement on its financial statements and expects the update to result in additional disclosures.

In November 2024, the FASB issued ASU 2024-03, “Disaggregation of Income Statement Expenses”, which requires public companies to disaggregate key expense categories such as inventory purchases, employee compensation and depreciation in their financial statements. In January 2025, the FASB issued ASU 2025-01 “Income Statement-Reporting Comprehensive Income- Expense Disaggregation Disclosures- Clarifying the Effective Date”, which amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company expects to adopt the guidance in its annual report on Form 10-K for the fiscal year ending August 31, 2028. The Company is currently evaluating the effects of this pronouncement on its financial statements and expects the update to result in additional disclosures.

In September 2025, the FASB issued ASU 2025-06, “Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which modernizes guidance for internal-use software costs. The amendments in this update improve the operability of the guidance by removing all references to software development project stages so that the guidance is neutral to different software development methods. This update is effective for annual periods beginning after December 15, 2027, including interim periods within those fiscal years, though early adoption is permitted. The Company expects to adopt the guidance in its annual report on Form 10-K for the fiscal year ending August 31, 2029. The Company is currently evaluating the effects of this pronouncement on its financial statements and does not expect the update to have a material effect on its consolidated financial statements.

In December 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2025-11, Narrow-Scope Improvements (Topic 270): Interim Reporting. This update makes targeted, narrow-scope improvements to the interim reporting guidance in Topic 270 to clarify application and improve consistency in practice. The amendments do not change the underlying principles of interim reporting. The amendments in this ASU are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company expects to adopt the guidance in its Form 10-Q for the interim period ending November 30, 2028. The Company is currently evaluating the effects of this pronouncement on its consolidated financial statements and does not expect the adoption of this ASU to have a material effect on its consolidated financial statements.

Note 2. Balance Sheet Components

Accounts and Other Receivables

	May 31, 2026	August 31, 2025
	(amounts in thousands)	
Credit card receivables	\$ 4,853	\$ 4,502
Lease receivables	1,742	1,450
Other receivables	468	458
Total accounts and other receivables	<u>\$ 7,063</u>	<u>\$ 6,410</u>

Property and Equipment - net

	May 31, 2026	August 31, 2025
	(amounts in thousands)	
Leasehold improvements	\$ 151,430	\$ 129,909
Furniture and fixtures	93,036	76,714
Computer equipment	5,150	4,632
Vehicles	191	342
Software	1,017	1,017
Construction in progress	18,030	11,203
Property and equipment – gross	268,854	223,817
Less: accumulated depreciation and amortization	(65,089)	(52,627)
Total property and equipment – net	\$ 203,765	\$ 171,190

Depreciation and amortization expense for property and equipment was \$4.3 million and \$3.6 million for the three months ended May 31, 2026 and May 31, 2025, respectively, and was \$12.7 million and \$10.2 million for the nine months ended May 31, 2026 and May 31, 2025, respectively.

Note 3. Leases

The Company has operating and finance leases for its corporate offices, restaurant locations, warehouse, office equipment, kitchen equipment and automobiles. The Company's finance leases are immaterial. The Company's leases have remaining lease terms of less than 1 year to 20 years, some of which include options to extend the leases.

Lease related costs recognized in the condensed statements of operations and comprehensive loss are as follows:

		Three Months Ended May 31,		Nine Months Ended May 31,	
		2026	2025	2026	2025
		(amounts in thousands)			
Operating lease cost	Classification				
Operating lease cost	Occupancy and related expenses, and general and administrative expenses	\$ 5,327	\$ 4,285	\$ 14,983	\$ 12,120
Variable lease cost	Occupancy and related expenses, and general and administrative expenses	1,349	1,271	3,905	3,292
Total operating lease cost		\$ 6,676	\$ 5,556	\$ 18,888	\$ 15,412

Supplemental disclosures of cash flow information related to leases are as follows:

	Nine Months Ended May 31,	
	2026	2025
	(amounts in thousands)	
Operating cash flows paid for operating lease liabilities	\$ 12,422	\$ 10,177
Operating right-of-use assets obtained in exchange for new operating lease liabilities	\$ 36,864	\$ 23,600

As of May 31, 2026, the Company had an additional \$54.8 million of operating lease liabilities related to restaurants for which the Company had not yet taken possession. Subsequent to May 31, 2026, the Company entered into three additional operating leases related to restaurants for which the Company has not yet taken possession. The lease liabilities associated with the leases are \$15.7 million and are expected to commence in fiscal year 2026 and 2027 with lease terms of up to 20 years.

Note 4. Related Party Transactions

Kura Sushi, Inc. (“Kura Japan”) is the majority stockholder of the Company and is incorporated and headquartered in Japan. In August 2019, the Company entered into a Shared Services Agreement with Kura Japan, pursuant to which Kura Japan provides the Company with certain strategic, operational and other support services, including assigning certain employees to work for the Company as expatriates to provide support to the Company’s operations, sending its employees to the Company on a short-term basis to provide support for the opening of new restaurants or renovation of existing restaurants, and providing the Company with certain supplies, parts and equipment for use in the Company’s restaurants. In addition, the Company has agreed to continue to provide Kura Japan with certain translational support services and market research. In exchange for such services, supplies, parts and equipment, the parties pay fees to each other as set forth under the Shared Services Agreement. A right of setoff is not required; however, from time to time, either party will net settle transactions as needed. Purchases of administrative supplies, expatriate salaries and travel and other administrative expenses payable to Kura Japan are included in general and administrative expenses in the accompanying statements of operations and comprehensive loss. Purchases of equipment from Kura Japan are included in property and equipment in the accompanying balance sheets.

In August 2019, the Company entered into an Amended and Restated Exclusive License Agreement (the “License Agreement”) with Kura Japan. Pursuant to the License Agreement, the Company pays Kura Japan a royalty fee of 0.5% of the Company’s net sales in exchange for an exclusive, royalty-bearing license for the use of certain of Kura Japan’s intellectual property rights, including, but not limited to, Kura Japan’s trademarks for “Kura Sushi,” “Mr. Fresh” and “Kura Revolving Sushi Bar,” and patents for a food management system and the Mr. Fresh protective dome, among other intellectual property rights necessary to continue operation of the Company’s restaurants. Royalty payments to Kura Japan are included in other costs at the restaurant level in the accompanying condensed statements of operations and comprehensive income loss.

On April 10, 2020, the Company and Kura Japan entered into a Revolving Credit Agreement, as amended, to provide the Company a revolving credit line of \$45.0 million (as amended, the “Revolving Credit Agreement”). For additional information, see “Note 7. Debt.”

Balances with Kura Japan are as follows:

	<u>May 31, 2026</u>		<u>August 31, 2025</u>	
	<u>(amounts in thousands)</u>			
Due from affiliate	\$	16	\$	126
Due to affiliate	\$	462	\$	525

Reimbursements and other payments by the Company to Kura Japan were as follows:

	<u>Three Months Ended May 31,</u>		<u>Nine Months Ended May 31,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
	<u>(amounts in thousands)</u>			
Related party transactions:				
Expatriate salaries expense	\$ 30	\$ 34	\$ 101	\$ 90
Royalty payments	430	370	1,198	1,017
Travel and other administrative expenses	5	3	10	46
Purchases of equipment	1,431	1,646	4,758	4,058
Total related party transactions	<u>\$ 1,896</u>	<u>\$ 2,053</u>	<u>\$ 6,067</u>	<u>\$ 5,211</u>

Reimbursements by Kura Japan to the Company were \$62 thousand and \$60 thousand for the three months ended May 31, 2026 and May 31, 2025, respectively and were \$323 thousand and \$290 thousand for the nine months ended May 31, 2026 and May 31, 2025, respectively. The reimbursements were primarily for travel, professional fees and other administrative expenses.

Note 5—Investments

As of May 31, 2026 and August 31, 2025, the Company's investments are summarized below. The Company has one certificate of deposit of \$0.5 million, which is restricted to funding a collateral account relating to a standby letter of credit. Based on the evaluation of credit risk factors guaranteed by the U.S. government, the Company has concluded that an allowance for credit losses is unnecessary for its investments.

May 31, 2026				
	Amortized cost basis	Unrealized holding gains	Unrealized holding losses	Aggregate fair value
	(amounts in thousands)			
Current				
Available-for-sale:				
Treasury notes	\$ 13,508	\$ —	\$ (8)	\$ 13,500
Certificate of deposit	524	—	—	524
Held to maturity:				
U.S. Government Agency debt securities	5,919	—	(47)	5,872
Total Current	<u>\$ 19,951</u>	<u>\$ —</u>	<u>\$ (55)</u>	<u>\$ 19,896</u>
Non-Current				
Available-for-sale:				
Treasury notes	\$ 7,388	\$ —	\$ (29)	\$ 7,359
Held to maturity:				
U.S. Government Agency debt securities	14,412	—	(108)	14,304
Total Non-Current	<u>\$ 21,800</u>	<u>\$ —</u>	<u>\$ (137)</u>	<u>\$ 21,663</u>
August 31, 2025				
	Amortized cost basis	Unrealized holding gains	Unrealized holding losses	Aggregate fair value
	(amounts in thousands)			
Current				
Available-for-sale:				
Treasury notes	\$ 14,463	\$ —	\$ (23)	\$ 14,440
Certificate of deposit	524	—	—	524
Total Current	<u>\$ 14,987</u>	<u>\$ —</u>	<u>\$ (23)</u>	<u>\$ 14,964</u>
Non-Current				
Available-for-sale:				
Treasury notes	\$ 1,468	\$ —	\$ —	\$ 1,468
Held to maturity:				
U.S. Government Agency debt securities	28,074	—	(69)	28,005
Total Non-Current	<u>\$ 29,542</u>	<u>\$ —</u>	<u>\$ (69)</u>	<u>\$ 29,473</u>

The following table sets forth the maturities of the Company's investments as of May 31, 2026 and August 31, 2025.

	May 31, 2026		August 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
	(amounts in thousands)		(amounts in thousands)	
Available-for-sale:				
Due within one year	\$ 14,024	\$ 14,024	\$ 14,964	\$ 14,964
Due within one year through five years	7,359	7,359	1,468	1,468
	<u>\$ 21,383</u>	<u>\$ 21,383</u>	<u>\$ 16,432</u>	<u>\$ 16,432</u>
Held to maturity:				
Due within one year	\$ 5,919	\$ 5,872	\$ —	\$ —
Due within one year through five years	14,412	14,304	28,074	28,005
	<u>\$ 20,331</u>	<u>\$ 20,176</u>	<u>\$ 28,074</u>	<u>\$ 28,005</u>

Note 6. Fair Value Measurements

The following table sets forth the Company's assets measured at fair value on a recurring basis as of May 31, 2026.

	Level 1	Level 2	Level 3	Total
		(amounts in thousands)		
Assets:				
Certificate of Deposit	\$ —	\$ 524	\$ —	\$ 524
Treasury bills	20,859	—	—	20,859
U.S. Government Agency debt securities	—	20,176	—	20,176
Total assets at fair value	<u>\$ 20,859</u>	<u>\$ 20,700</u>	<u>\$ —</u>	<u>\$ 41,559</u>

The Company's financial statements include cash and cash equivalents, accounts and other receivables, accounts payable, accrued expenses and other current liabilities, and salaries and wages payable for which the carrying amounts approximate fair value due to their short-term maturity. The fair value of our Treasury notes are valued using Level 1 inputs of the fair value hierarchy. The fair value of our Certificate of Deposit and U.S. Government Agency debt securities are valued using Level 2 inputs of the fair value hierarchy. Level 2 inputs are based on market data that include factors such as interest rates, market and pricing activity and other market-based valuation techniques. The fair value of payments due to or from Kura Japan is not determinable due to its related-party nature. These related-party balances are not based on observable market inputs and may not reflect arm's-length terms, making a reliable fair value measurement impracticable.

Note 7. Debt

On April 10, 2020, the Company and Kura Japan entered into a Revolving Credit Agreement, as amended, establishing a \$45.0 million revolving credit line for the Company. The maturity date for each advance is 60 months from the date of disbursement and the last day of the period of availability for advances is April 10, 2025. The Revolving Credit Note under the Revolving Credit Agreement has an interest rate for advances (made on or after April 10, 2021) fixed at 130% of the Annual Compounding Long-Term Applicable Federal Rate on the date such advance is made. There are no financial covenants under the Revolving Credit Agreement with which the Company must comply.

On April 4, 2025, the Company and Kura Japan entered into a Third Amendment to Revolving Credit Agreement (the "Third Amendment") to extend the last day of the period of availability for the advances under the credit line from April 10, 2025 to April 10, 2028. In connection with the Third Amendment, the Revolving Credit Note under the Revolving Credit Agreement was also amended by incorporating the same amendments as provided under the Third Amendment.

As of May 31, 2026 and August 31, 2025, the Company had no outstanding balance and \$45.0 million of availability remaining under the Revolving Credit Agreement. For additional information, see "Note 4. Related Party Transactions."

Note 8. Commitments and Contingencies

Purchase Obligations

We enter into various purchase obligations in the ordinary course of business, generally of a short-term nature. As of May 31, 2026, we had an aggregate of approximately \$18.8 million in contractual obligations, which consisted of \$13.0 million in purchase commitments for food related to restaurant operations and \$5.8 million related to the construction of new restaurants.

Legal Matters

On December 9, 2024, a former employee filed a putative class action complaint in the Superior Court of California in Los Angeles, individually and on behalf of others similarly situated, against the Company alleging certain violations of California labor laws. The complaint alleges various wage and hour violations under the California Labor Code and related statutes. Plaintiff has also served a Private Attorneys General Act ("PAGA") notice for the same alleged wage and hour violations. In February 2026, the Company reached an agreement to settle the claims for \$0.9 million, subject to court approval. The Company expensed \$0.9 million related to this settlement within general and administrative expenses in the statements of operations and comprehensive loss during the three months ended February 28, 2026, and has an accrued liability of \$0.9 million related to this settlement as of May 31, 2026.

The Company is involved from time to time in various legal proceedings that arise in the ordinary course of business, including but not limited to commercial disputes, environmental matters, employee related claims, intellectual property disputes and litigation in connection with transactions, including acquisitions and divestitures.

In the opinion of management, the Company does not believe that such litigation, claims, and administrative proceedings will have a material adverse effect on its business, financial position, results of operations or cash flows. However, a significant increase in the number of these claims or an increase in amounts owing under successful claims, including the putative class action referenced above, could materially and adversely affect its business, financial condition, results of operations or cash flows. The Company records a liability when a loss is considered probable, and the amount can be reasonably estimated.

Note 9—Segment Information

The Company operates as one reportable segment: company-owned restaurants and in one geographic area: the United States of America. The Company does not have intra-entity sales or transfers. Sales represent sales of food and beverages in restaurants. The Chief Executive Officer, who serves as the Chief Operating Decision Maker (“CODM”), evaluates performance and allocates resources based on sales and operating income (loss). The CODM does not review segment assets at a level different than what is reported in the Company’s Consolidated Balance Sheet.

Reported segment sales and expenses are presented below:

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2026	2025	2026	2025
	(amounts in thousands)			
Sales	\$ 85,922	\$ 73,965	\$ 239,395	\$ 203,315
Restaurant operating costs:				
Food and beverage costs	25,911	20,928	72,162	58,225
Labor and related costs	26,280	24,478	74,756	68,306
Occupancy and related expenses	6,676	5,538	19,032	15,391
Depreciation and amortization expenses	4,236	3,450	12,358	9,827
Other costs	12,556	10,883	35,950	29,004
Total restaurant operating costs	75,659	65,277	214,258	180,753
General and administrative expenses	10,193	8,741	30,711	28,459
Depreciation and amortization expenses	109	109	373	328
Total operating expenses	85,961	74,127	245,342	209,540
Operating loss	(39)	(162)	(5,947)	(6,225)
Reconciliation to net income (loss):				
Other expense (income):				
Interest expense	17	30	50	56
Interest income	(528)	(812)	(1,784)	(2,236)
Income (loss) before income taxes	472	620	(4,213)	(4,045)
Income tax expense	49	55	136	132
Net income (loss)	\$ 423	\$ 565	\$ (4,349)	\$ (4,177)

Note 10. Stock-based Compensation

The following table summarizes the stock option activity under the Company's 2018 Incentive Compensation Plan, as amended and restated (the "Stock Incentive Plan"):

	Options Outstanding	
	Number of Shares Underlying Outstanding Options	Weighted Average Exercise Price Per Share
Outstanding — August 31, 2025	591,421	\$ 44.02
Granted	6,791	\$ 66.90
Exercised	(685)	\$ 31.55
Cancelled/forfeited	(3,688)	\$ 70.13
Outstanding — November 30, 2025	593,839	\$ 44.14
Granted	41,137	\$ 65.49
Exercised	(11,941)	\$ 37.91
Cancelled/forfeited	(1,589)	\$ 74.32
Outstanding — February 28, 2026	621,446	\$ 45.59
Granted	971	\$ 68.02
Exercised	(14,022)	\$ 27.88
Cancelled/forfeited	(11,266)	\$ 72.76
Outstanding — May 31, 2026	597,129	\$ 45.53

The following table summarizes the restricted stock unit ("RSU") activity under the Stock Incentive Plan:

	Number of Shares Underlying Outstanding RSU	Weighted Average Grant Date Fair Value
Outstanding — August 31, 2025	50,425	\$ 81.02
Granted	—	—
Vested	—	—
Cancelled/forfeited	(1,576)	\$ 82.08
Outstanding — November 30, 2025	48,849	\$ 80.99
Granted	54,315	\$ 66.81
Vested	(17,705)	\$ 79.50
Cancelled/forfeited	(278)	\$ 86.26
Outstanding — February 28, 2026	85,181	\$ 72.24
Granted	—	—
Vested	—	—
Cancelled/forfeited	(6,347)	\$ 73.46
Outstanding — May 31, 2026	78,834	\$ 72.14

In the second quarter of fiscal 2026, the Company granted 13,510 performance restricted stock units (“PSUs”) with a three-year performance vesting period and a weighted average grant date fair value of \$66.81. The number of shares that will vest are based on the achievement of certain financial and operational metrics and may range from zero to a maximum amount. As of May 31, 2026, the Company has 17,970 PSUs outstanding with a weighted average grant date fair value of \$71.93.

The total stock-based compensation recognized under the Stock Incentive Plan in the condensed statements of operations and comprehensive loss is as follows:

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2026	2025	2026	2025
	(amounts in thousands)			
Restaurant-level stock-based compensation included in labor and related costs	\$ 245	\$ 230	\$ 630	\$ 608
Corporate-level stock-based compensation included in general and administrative expenses	1,001	1,063	2,911	2,892
Stock-based compensation, net of amounts capitalized	1,246	1,293	3,541	3,500
Amount capitalized to property and equipment - net	35	63	94	110
Total stock-based compensation	<u>\$ 1,281</u>	<u>\$ 1,356</u>	<u>\$ 3,635</u>	<u>\$ 3,610</u>

Note 11. Income (Loss) Per Share

The net income (loss) per share attributable to common stockholders is allocated based on the contractual participation rights of the Class A common stock and Class B common stock as if the loss for the year had been distributed. As the liquidation and dividend rights for Class A and Class B common stock are identical, the net loss attributable to all common stockholders is allocated on a proportionate basis.

The following table sets forth the computation of the Company’s basic and diluted net loss per share:

	Three Months Ended May 31,				Nine Months Ended May 31,			
	2026		2025		2026		2025	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
	(amounts in thousands, except per share data)							
Net income (loss) attributable to common stockholders	<u>\$ 388</u>	<u>\$ 35</u>	<u>\$ 518</u>	<u>\$ 47</u>	<u>\$ (3,990)</u>	<u>\$ (359)</u>	<u>\$ (3,825)</u>	<u>\$ (352)</u>
Weighted average common shares outstanding – basic	11,146	1,000	11,086	1,000	11,126	1,000	10,855	1,000
Dilutive effect of stock-based awards	213	—	225	—	—	—	—	—
Weighted average common shares outstanding – diluted	<u>11,359</u>	<u>1,000</u>	<u>11,311</u>	<u>1,000</u>	<u>11,126</u>	<u>1,000</u>	<u>10,855</u>	<u>1,000</u>
Net income (loss) per share attributable to common stockholders – basic	<u>\$ 0.03</u>	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ (0.36)</u>	<u>\$ (0.36)</u>	<u>\$ (0.35)</u>	<u>\$ (0.35)</u>
Net income (loss) per share attributable to common stockholders – diluted	<u>\$ 0.03</u>	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ (0.36)</u>	<u>\$ (0.36)</u>	<u>\$ (0.35)</u>	<u>\$ (0.35)</u>

The Company computes basic loss per common share using net income (loss) and the weighted average number of common shares outstanding during the period, and computes diluted income (loss) per common share using net income (loss) and the weighted average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares include dilutive outstanding employee stock options, RSUs and PSUs.

For the three and nine months ended May 31, 2026, there were 344 thousand and 694 thousand shares of common stock subject to outstanding employee stock options, RSUs and PSUs that were excluded from the calculation of diluted income per share because their inclusion would have been anti-dilutive. For the three and nine months ended May 31, 2025, there were 286 thousand and 677 thousand shares of common stock subject to outstanding employee stock options, RSUs and PSUs that were excluded from the calculation of diluted loss per share because their inclusion would have been anti-dilutive.

Note 12. Income Taxes

The Company recorded an income tax expense of \$49 thousand and \$55 thousand for the three months ended May 31, 2026 and May 31, 2025, respectively and income tax expense of \$136 thousand and \$132 thousand for the nine months ended May 31, 2026 and May 31, 2025, respectively. The Company's effective tax rates for the three and nine months ended May 31, 2026 substantially differed from the federal statutory tax rate of 21% primarily due to a valuation allowance for the Company's deferred tax assets and permanent differences related to the tax credit for a portion of the Social Security and Medicare taxes (Federal Insurance Contribution Act taxes) paid on employer tips.

The Company continually monitors and performs an assessment of the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. In assessing the need for a valuation allowance, the Company considered both positive and negative evidence related to the likelihood of realization of deferred tax assets using a "more likely than not" standard. In making such assessment, more weight was given to evidence that could be objectively verified, including recent cumulative losses. Based on the Company's review of this evidence, management determined that a full valuation allowance against all of the Company's net deferred tax assets at May 31, 2026 was appropriate.

On July 4, 2025, the President signed into law, the reconciliation tax bill, commonly known as the "One Big Beautiful Bill Act" (OBBA). Notable corporate provisions include the restoration of 100% bonus depreciation; the creation of Section 174A, which reinstates expensing for domestic research and experimental expenditures; modifications to Section 163(j) interest limitations; updates to the rules for global intangible low-taxed income and foreign-derived intangible income; amendments to the rules for energy credits; and the expansion of Section 162(m) aggregation requirements. OBBA did not have a material impact on the Company's effective tax rate or income tax expense for the three and nine months ended May 31, 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited financial statements and the related notes included in this Quarterly Report on Form 10-Q and with the audited financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended August 31, 2025 (the "Annual Report").

In addition to historical information, the following discussion and analysis contains forward-looking statements, such as statements about our plans, objectives, expectations, and intentions, which are based on current assumptions and involve risks, uncertainties and assumptions as set forth and described in the "Special Note Regarding Forward-Looking Statements" and "Risk Factors" sections of the Annual Report. You should review those sections in our Annual Report for a discussion of important factors, including the continuing development of our business and other factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this Quarterly Report on Form 10-Q.

"Kura Sushi USA," "Kura Sushi," "Kura," "we," "us," "our," "our company" and the "Company" refer to Kura Sushi USA, Inc. unless expressly indicated or the context otherwise requires.

Overview

Kura Sushi USA is a technology-enabled Japanese restaurant concept that provides guests with a distinctive dining experience by serving authentic Japanese cuisine through an engaging revolving sushi service model, which we refer to as the "Kura Experience." We encourage healthy lifestyles by serving freshly prepared Japanese cuisine using high-quality ingredients that are free from artificial seasonings, sweeteners, colorings, and preservatives. We aim to make quality Japanese cuisine accessible to our guests across the United States through affordable prices and an inviting atmosphere.

Business Trends

During the nine months ended May 31, 2026, we opened twelve restaurants and expanded our restaurant base to 91 restaurants in 22 states and Washington, DC. Subsequent to May 31, 2026, we opened three additional restaurants totaling 94 restaurants in 24 states and Washington, DC. We expect to open a total of 16 new restaurants in fiscal year 2026. Accordingly, we expect our revenue and restaurant operating costs to increase in fiscal year 2026. We also expect our general and administrative expenses to increase on a dollar basis in fiscal 2026 to support our continued growth.

We have evaluated and will continue to evaluate the impact of import laws and tariffs on our operations. During the nine months ended May 31, 2026, tariffs continued to have a considerable impact on our business, financial condition, results of operations and cash flows. Based on the current economic environment, tariffs are expected to continue to have a considerable impact on our operations in certain areas, such as food and beverage costs, construction and equipment costs and other restaurant operating costs throughout fiscal year 2026. The reduction in tariffs as a result of the termination of IEEPA tariffs on our food and beverage costs are offset by an increase in commodity inflation and therefore, based on the current economic environment, we expect our food and beverage costs as a percentage of sales for the remainder of fiscal year 2026 to remain reasonably consistent with the nine months ended May 31, 2026. In addition, ongoing geopolitical events could lead to a disruption of energy supplies, which has and could continue to impact inflation, disrupt global supply chains and food distribution markets, and adversely impact consumer spending which has and can continue to adversely affect our business, financial condition or results of operations. We have historically used menu price increases to manage profitability in times of inflation or tariff increases. During our fiscal first quarter 2026, we increased menu prices, which partially offset the impact on our operations in fiscal year 2026. Additionally, we increased menu prices in July 2026. See our Annual Report on Form 10-K "Part I, Item 1A, "Risk Factors — Risks Related to Our Operations and Growth Strategy".

Key Financial Definitions

Sales. Sales represent sales of food and beverages in restaurants. Restaurant sales in a given period are directly impacted by the number of restaurants we operate and comparable restaurant sales performance.

Food and beverage costs. Food and beverage costs are variable in nature, change with sales volume and are influenced by menu mix and subject to increases or decreases based on fluctuations in commodity costs. Other important factors causing fluctuations in food and beverage costs include seasonality and restaurant-level management of food waste. Food and beverage costs are a substantial expense and are expected to grow proportionally as our sales grow.

Labor and related expenses. Labor and related expenses include all restaurant-level management and hourly labor costs, including wages, employee benefits, stock-based compensation for restaurant-level employees and payroll taxes. Similar to the food

and beverage costs that we incur, labor and related expenses are expected to grow proportionally as our sales grow. Factors that influence fluctuations in our labor and related expenses include minimum wage and payroll tax legislation, the frequency and severity of workers' compensation claims, healthcare costs and by the performance of our restaurants.

Occupancy and related expenses. Occupancy and related expenses include rent for all restaurant locations and related taxes.

Depreciation and amortization expenses. Depreciation and amortization expenses are periodic non-cash charges that consist of depreciation of fixed assets, including equipment and capitalized leasehold improvements. Depreciation is determined using the straight-line method over the assets' estimated useful lives, which range from three to 20 years.

Other costs. Other costs include credit card processing fees, repairs and maintenance, restaurant-level advertising and promotions, restaurant supplies, royalty payments to Kura Japan, utilities and other restaurant-level expenses.

General and administrative expenses. General and administrative expenses include expenses associated with corporate and regional supervision functions that support the operations of existing restaurants and development of new restaurants, including compensation and benefits, travel expenses, stock-based compensation for corporate-level employees, legal and professional fees, information systems, corporate office rent and other related corporate costs. General and administrative expenses are expected to grow as our unit base grows.

Interest expense. Interest expense includes cash and non-cash charges related to our line of credit and finance lease obligations.

Interest income. Interest income includes income earned on our money market funds and investments.

Income tax expense (benefit). Provision for income taxes represents federal, state and local current and deferred income tax expense (benefit).

Results of Operations

The following tables present selected comparative results of operations for the three and nine months ended May 31, 2026 and May 31, 2025. Our financial results for these periods are not necessarily indicative of the financial results that we will achieve in future periods. Certain totals for the tables below may not recalculate or sum up to 100% due to rounding.

	Three Months Ended May 31,			
	2026	2025	\$ Change	% Change
	(dollar amounts in thousands)			
Sales	\$ 85,922	\$ 73,965	\$ 11,957	16.2 %
Restaurant operating costs				
Food and beverage costs	25,911	20,928	4,983	23.8
Labor and related costs	26,280	24,478	1,802	7.4
Occupancy and related expenses	6,676	5,538	1,138	20.5
Depreciation and amortization expenses	4,236	3,450	786	22.8
Other costs	12,556	10,883	1,673	15.4
Total restaurant operating costs	75,659	65,277	10,382	15.9
General and administrative expenses	10,193	8,741	1,452	16.6
Depreciation and amortization expenses	109	109	—	-
Total operating expenses	85,961	74,127	11,834	16.0
Operating loss	(39)	(162)	123	(75.9)
Other expense (income):				
Interest expense	17	30	(13)	(43.3)
Interest income	(528)	(812)	284	(35.0)
Income before income taxes	472	620	(148)	(23.9)
Income tax expense	49	55	(6)	(10.9)
Net income	\$ 423	\$ 565	\$ (142)	25.1 %

	Nine Months Ended May 31,			
	2026	2025	\$ Change	% Change
	(dollar amounts in thousands)			
Sales	\$ 239,395	\$ 203,315	\$ 36,080	17.7 %
Restaurant operating costs				
Food and beverage costs	72,162	58,225	13,937	23.9
Labor and related costs	74,756	68,306	6,450	9.4
Occupancy and related expenses	19,032	15,391	3,641	23.7
Depreciation and amortization expenses	12,358	9,827	2,531	25.8
Other costs	35,950	29,004	6,946	23.9
Total restaurant operating costs	214,258	180,753	33,505	18.5
General and administrative expenses	30,711	28,459	2,252	7.9
Depreciation and amortization expenses	373	328	45	13.7
Total operating expenses	245,342	209,540	35,802	17.1
Operating loss	(5,947)	(6,225)	278	(4.5)
Other expense (income):				
Interest expense	50	56	(6)	(10.7)
Interest income	(1,784)	(2,236)	452	(20.2)
Loss before income taxes	(4,213)	(4,045)	(168)	4.2
Income tax expense	136	132	4	3.0
Net loss	\$ (4,349)	\$ (4,177)	\$ (172)	4.1 %

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2026	2025	2026	2025
	(as a percentage of sales)			
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Restaurant operating costs				
Food and beverage costs	30.2	28.3	30.1	28.6
Labor and related costs	30.6	33.1	31.2	33.6
Occupancy and related expenses	7.8	7.5	8.0	7.6
Depreciation and amortization expenses	4.9	4.7	5.2	4.8
Other costs	14.6	14.7	15.0	14.3
Total restaurant operating costs	88.1	88.3	89.5	88.9
General and administrative expenses	11.9	11.8	12.8	14.0
Depreciation and amortization expenses	0.1	0.1	0.2	0.2
Total operating expenses	100.1	100.2	102.5	103.1
Operating loss	(0.1)	(0.2)	(2.5)	(3.1)
Other expense (income):				
Interest expense	—	—	—	—
Interest income	(0.6)	(1.1)	(0.7)	(1.1)
Income (loss) before income taxes	0.5	0.9	(1.8)	(2.0)
Income tax expense	0.1	0.1	0.1	0.1
Net income (loss)	0.4 %	0.8 %	(1.9) %	(2.1) %

Three Months Ended May 31, 2026 Compared to Three Months Ended May 31, 2025

Sales. Sales were \$85.9 million for the three months ended May 31, 2026 compared to \$74.0 million for the three months ended May 31, 2025, representing an increase of \$11.9 million, or 16.2%. The increase in sales was primarily driven by the sales resulting from fifteen new restaurants that opened subsequent to May 31, 2025, as well as increases in menu prices during the same period. Comparable restaurant sales decreased 0.4%, consisting of negative traffic of 5.1% and price/mix of 4.7%, for the three months ended May 31, 2026, as compared to the three months ended May 31, 2025. The decrease in traffic is a result of lower consumer spending due to the macroeconomic environment.

Food and beverage costs. Food and beverage costs were \$25.9 million for the three months ended May 31, 2026 compared to \$20.9 million for the three months ended May 31, 2025, representing an increase of \$5.0 million, or 23.8%. The increase in food and beverage costs was primarily driven by costs associated with sales from fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, food and beverage costs increased to 30.2% in the three months ended May 31, 2026 as compared to 28.3% in the three months ended May 31, 2025, primarily due to tariffs on imported ingredients, which was partially offset by increases in menu prices.

Labor and related costs. Labor and related costs were \$26.3 million for the three months ended May 31, 2026 compared to \$24.5 million for the three months ended May 31, 2025, representing an increase of \$1.8 million, or 7.4%. This increase in labor and related costs was primarily driven by additional labor costs incurred from fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, labor and related costs decreased to 30.6% in the three months ended May 31, 2026 as compared to 33.1% in the three months ended May 31, 2025, primarily due to initiatives relating to operations, such as the reservation system and scheduling, and increases in menu prices, partially offset by low-single digit wage inflation.

Occupancy and related expenses. Occupancy and related expenses were \$6.7 million for the three months ended May 31, 2026 compared to \$5.5 million for the three months ended May 31, 2025, representing an increase of \$1.2 million, or 20.5%. The increase was primarily a result of additional lease expense related to the opening of fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, occupancy and related expenses increased to 7.8% in the three months ended May 31, 2026 as compared to 7.5% in the three months ended May 31, 2025, primarily driven by incremental pre-opening lease expenses.

Depreciation and amortization expenses. Depreciation and amortization expenses incurred as part of restaurant operating costs were \$4.2 million for the three months ended May 31, 2026 compared to \$3.5 million for the three months ended May 31, 2025, representing an increase of \$0.7 million, or 22.8%. The increase consists of depreciation of property and equipment related to the fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, depreciation and amortization expenses at the restaurant level remained relatively consistent at 4.9% for the three months ended May 31, 2026 as compared to 4.7% in the three months ended May 31, 2025. Depreciation and amortization expenses incurred at the corporate level were \$0.1 million, or 0.1% as a percentage of sales, for both the three months ended May 31, 2026 and May 31, 2025.

Other costs. Other costs were \$12.6 million for the three months ended May 31, 2026 compared to \$10.9 million for the three months ended May 31, 2025, representing an increase of \$1.7 million, or 15.4%. The increase was primarily driven by an increase in costs related to the fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, other costs remained relatively consistent at 14.6% in the three months ended May 31, 2026 as compared to 14.7% in the three months ended May 31, 2025.

General and administrative expenses. General and administrative expenses were \$10.2 million for the three months ended May 31, 2026 compared to \$8.7 million for the three months ended May 31, 2025, representing an increase of \$1.5 million, or 16.6%. The increase was primarily due to compensation-related costs of \$1.1 million, \$0.2 million of travel expenses and \$0.2 million of other net expenses. As a percentage of sales, general and administrative expenses remained relatively consistent at 11.9% in the three months ended May 31, 2026 as compared to 11.8% in the three months ended May 31, 2025.

Interest expense. Interest expense was \$17 thousand for the three months ended May 31, 2026 compared to \$30 thousand for the three months ended May 31, 2025.

Interest income. Interest income was \$528 thousand for the three months ended May 31, 2026 compared to \$812 thousand for the three months ended May 31, 2025. The decrease was primarily driven by lower interest rates and decrease in investments due to withdraws for cash operating needs.

Income tax expense. Income tax expense was \$49 thousand for the three months ended May 31, 2026 compared to an income tax expense of \$55 thousand for the three months ended May 31, 2025. For further discussion of our income taxes, see “Note 12. Income Taxes” in the Notes to Condensed Financial Statements.

Nine Months Ended May 31, 2026 Compared to Nine Months Ended May 31, 2025

Sales. Sales were \$239.4 million for the nine months ended May 31, 2026 compared to \$203.3 million for the nine months ended May 31, 2025, representing an increase of \$36.1 million, or 17.7%. The increase in sales was primarily driven by the sales resulting from fifteen new restaurants that opened subsequent to May 31, 2025, as well as increases in menu prices during the same period. Comparable restaurant sales increased 1.8%, consisting of negative traffic of 1.3% and a price/mix of 3.1% for the nine months ended May 31, 2026, as compared to the nine months ended May 31, 2025.

Food and beverage costs. Food and beverage costs were \$72.2 million for the nine months ended May 31, 2026 compared to \$58.2 million for the nine months ended May 31, 2025, representing an increase of \$14.0 million, or 23.9%. The increase in food and beverage costs was primarily driven by costs associated with sales from fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, food and beverage costs increased to 30.1% in the nine months ended May 31, 2026 as compared to 28.6% in the nine months ended May 31, 2025, primarily due to tariffs on imported ingredients, which was partially offset by increases in menu prices.

Labor and related costs. Labor and related costs were \$74.8 million for the nine months ended May 31, 2026 compared to \$68.3 million for the nine months ended May 31, 2025, representing an increase of \$6.5 million, or 9.4%. This increase in labor and related costs was primarily driven by additional labor costs incurred from fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, labor and related costs decreased to 31.2% in the nine months ended May 31, 2026 as compared to 33.6% in the nine months ended May 31, 2025. The decrease in cost as a percentage of sales was primarily due to initiatives relating to operations such as the reservation system and scheduling, and increases in menu prices, partially offset by low-single digit wage inflation.

Occupancy and related expenses. Occupancy and related expenses were \$19.0 million for the nine months ended May 31, 2026 compared to \$15.4 million for the nine months ended May 31, 2025, representing an increase of \$3.6 million, or 23.7%. The increase was primarily a result of additional lease expense related to the opening of fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, occupancy and related expenses increased to 8.0% in the nine months ended May 31, 2026, compared to 7.6% in the nine months ended May 31, 2025, primarily driven by incremental pre-opening lease expenses.

Depreciation and amortization expenses. Depreciation and amortization expenses incurred as part of restaurant operating costs were \$12.4 million for the nine months ended May 31, 2026 compared to \$9.8 million for the nine months ended May 31, 2025, representing an increase of \$2.6 million, or 25.8%. The increase consists of depreciation of property and equipment related to fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, depreciation and amortization expenses at the restaurant level were 5.2% for the nine months ended May 31, 2026 as compared to 4.8% for the nine months ended May 31, 2025, primarily due to depreciation associated with restaurant remodel costs. Depreciation and amortization expenses incurred at the corporate level was \$0.4 million for the nine months ended May 31, 2026 compared to \$0.2 million, and as a percentage of sales were both 0.2%.

Other costs. Other costs were \$36.0 million for the nine months ended May 31, 2026 compared to \$29.0 million for the nine months ended May 31, 2025, representing an increase of \$7.0 million, or 23.9%. The increase was primarily driven by an increase in costs related to fifteen new restaurants that opened subsequent to May 31, 2025. As a percentage of sales, other costs were 15.0% for the nine months ended May 31, 2026 as compared to 14.3% for the nine months ended May 31, 2025, primarily driven by higher marketing expense due to incremental promotional collaborations, as well as utilities and repairs and maintenance expense.

General and administrative expenses. General and administrative expenses were \$30.7 million for the nine months ended May 31, 2026 compared to \$28.5 million for the nine months ended May 31, 2025, representing an increase of \$2.2 million, or 7.9%. The increase was primarily due to compensation-related costs of \$1.8 million, travel expenses of \$0.5 million, professional fees of \$0.2 million and \$0.4 million of other net expenses, partially offset by a net decrease in litigation costs of \$0.7 million. As a percentage of sales, general and administrative expenses decreased to 12.8% in the nine months ended May 31, 2026 from 14.0% in the nine months ended May 31, 2025, primarily driven by sales leverage of compensation-related costs and litigation costs.

Interest expense. Interest expense was \$50 thousand for the nine months ended May 31, 2026 compared to \$56 thousand for the nine months ended May 31, 2025.

Interest income. Interest income was \$1.8 million for the nine months ended May 31, 2026 compared to \$2.2 million for the nine months ended May 31, 2025. The decrease was primarily driven by lower interest rates and decrease in investments due to withdraws for cash operating needs.

Income tax expense. Income tax expense was \$136 thousand for the nine months ended May 31, 2026 compared to \$132 thousand for the nine months ended May 31, 2025. For further discussion of our income taxes, see “Note 12. Income Taxes” in the Notes to Condensed Financial Statements.

Key Performance Indicators

In assessing the performance of our business, we consider a variety of financial and performance measures. The key measures for determining how our business is performing include sales, EBITDA, Adjusted EBITDA, Restaurant-level Operating Profit, Restaurant-level Operating Profit margin, comparable restaurant sales performance, and the number of restaurant openings.

Sales

Sales represents sales of food and beverages in restaurants, as shown on our condensed statements of operations and comprehensive income (loss). Several factors affect our restaurant sales in any given period, including the number of restaurants in operation, guest traffic and average check.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income (loss) before interest, income taxes and depreciation and amortization. Adjusted EBITDA is defined as EBITDA plus stock-based compensation expense, non-cash lease expense and asset disposals, closure costs and restaurant impairments, as well as certain items, such as litigation that we believe are not indicative of our core operating results. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by sales. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures which are intended as supplemental measures of our performance and are neither required by, nor presented in accordance with, GAAP. We believe that EBITDA, Adjusted EBITDA and Adjusted EBITDA margin 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.

We believe that the use of EBITDA, Adjusted EBITDA and Adjusted EBITDA margin provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, you should be aware when evaluating

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin that in the future we may incur expenses similar to those excluded when calculating these measures. In addition, our 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 Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate Adjusted EBITDA and Adjusted EBITDA margin in the same fashion.

Because of these limitations, EBITDA, Adjusted EBITDA and Adjusted EBITDA margin should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA, Adjusted EBITDA and Adjusted EBITDA margin on a supplemental basis. You should review the reconciliation of net income (loss) to EBITDA, Adjusted EBITDA and Adjusted EBITDA margin below and not rely on any single financial measure to evaluate our business.

The following table reconciles net income (loss) to EBITDA and Adjusted EBITDA:

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2026	2025	2026	2025
	(amounts in thousands)			
Net income (loss)	\$ 423	\$ 565	\$ (4,349)	\$ (4,177)
Interest income, net	(511)	(782)	(1,734)	(2,180)
Income tax expense	49	55	136	132
Depreciation and amortization expenses	4,345	3,559	12,731	10,155
EBITDA	4,306	3,397	6,784	3,930
Stock-based compensation expense ^(a)	1,246	1,293	3,541	3,500
Non-cash lease expense ^(b)	1,032	720	2,701	2,121
Litigation ^(c)	—	—	1,453	2,105
Adjusted EBITDA	\$ 6,584	\$ 5,410	\$ 14,479	\$ 11,656
Adjusted EBITDA margin	7.7%	7.3%	6.0%	5.7%

- (a) Stock-based compensation expense includes non-cash stock-based compensation, which is comprised of restaurant-level stock-based compensation included in labor and related costs and of corporate-level stock-based compensation included in general and administrative expenses in the condensed statements of operations and comprehensive income (loss). For further details of stock-based compensation, see “Note 10. Stock-based Compensation” in the notes to condensed financial statements included in this Quarterly Report on Form 10-Q.
- (b) 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.
- (c) Litigation includes expenses related to legal claims or settlements.

Restaurant-level Operating Profit and Restaurant-level Operating Profit Margin

Restaurant-level Operating Profit (Loss) is defined as operating income (loss) plus depreciation and amortization; stock-based compensation expense; pre-opening costs and general and administrative expenses which are considered normal, recurring, cash operating expenses and are essential to support 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 (Loss) margin is defined as Restaurant-level Operating Profit (Loss) divided by sales. Restaurant-level Operating Profit (Loss) and Restaurant-level Operating Profit (Loss) margin are non-GAAP measures which are intended as supplemental measures of our performance and are neither required by, nor presented in accordance with, GAAP. We believe that Restaurant-level Operating Profit (Loss) and Restaurant-level Operating Profit (Loss) margin provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and operating results, as this measure depicts normal, recurring cash operating expenses essential to supporting the development and operations of our restaurants. 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. We expect Restaurant-level Operating Profit (Loss) to increase in proportion to the number of new restaurants we open and our comparable restaurant sales growth.

We present Restaurant-level Operating Profit (Loss) because it excludes the impact of general and administrative expenses, which are not incurred at the restaurant level. We also use Restaurant-level Operating Profit (Loss) to measure operating performance and returns from opening new restaurants. Restaurant-level Operating Profit (Loss) margin allows us to evaluate the level of Restaurant-level Operating Profit (Loss) generated from sales.

However, you should be aware that Restaurant-level Operating Profit (Loss) and Restaurant-level Operating Profit (Loss) margin are financial measures that 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, when evaluating Restaurant-level Operating Profit (Loss) and Restaurant-level Operating Profit (Loss) margin, you should be aware that in the future we may incur expenses similar to those excluded when calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will not be affected by unusual or non-recurring items. Our computation of Restaurant-level Operating Profit (Loss) and Restaurant-level Operating Profit (Loss) margin may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate Restaurant-level Operating Profit (Loss) and Restaurant-level Operating Profit (Loss) margin in the same fashion. Restaurant-level Operating Profit (Loss) and Restaurant-level Operating Profit (Loss) margin have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP.

The following table reconciles operating loss to Restaurant-level Operating Profit and Restaurant-level Operating Profit margin:

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2026	2025	2026	2025
	(amounts in thousands)			
Operating loss	\$ (39)	\$ (162)	\$ (5,947)	\$ (6,225)
Depreciation and amortization expenses	4,345	3,559	12,731	10,155
Stock-based compensation expense ^(a)	1,246	1,293	3,541	3,500
Pre-opening costs ^(b)	600	404	1,204	1,305
Non-cash lease expense ^(c)	1,032	720	2,701	2,121
General and administrative expenses	10,193	8,741	30,711	28,459
Corporate-level stock-based compensation in general and administrative expenses	(1,001)	(1,063)	(2,911)	(2,892)
Restaurant-level operating profit	<u>\$ 16,376</u>	<u>\$ 13,492</u>	<u>\$ 42,030</u>	<u>\$ 36,423</u>
Operating loss margin	(0.0)%	(0.2)%	(2.5)%	(3.1)%
Restaurant-level operating profit margin	19.1%	18.2%	17.6%	17.9%

- (a) Stock-based compensation expense includes non-cash stock-based compensation, which is comprised of restaurant-level stock-based compensation included in labor and related costs and of corporate-level stock-based compensation included in general and administrative expenses in the condensed statements of operations and comprehensive income (loss). For further details of stock-based compensation, see “Note 10. Stock-based Compensation” in the notes to condensed financial statements included in this Quarterly Report on Form 10-Q.
- (b) 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 the opening day of our restaurants, and other related pre-opening costs.
- (c) 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.

Comparable Restaurant Sales Performance

Comparable restaurant sales performance refers to the percent change in year-over-year sales for the comparable restaurant base. We include restaurants in the comparable restaurant base that have been in operation for at least 18 full calendar months by the end of the accounting period presented due to new restaurants experiencing a period of higher sales upon opening. For restaurants that were temporarily closed the comparative period was also adjusted accordingly.

Measuring our comparable restaurant sales performance allows us to evaluate the performance of our existing restaurant base. Various factors impact comparable restaurant sales, including:

- consumer recognition of our brand and our ability to respond to changing consumer preferences and spending behavior;
- overall economic trends, particularly those related to consumer spending;
- our ability to operate restaurants effectively and efficiently to meet consumer expectations;
- pricing;

- guest traffic;
- per-guest spend and average check;
- marketing and promotional efforts;
- local competition; and
- opening of new restaurants in the vicinity of existing locations.

Since opening new restaurants will be a significant component of our sales growth, comparable restaurant sales performance is only one measure of how we evaluate our performance. The following table shows the comparable restaurant sales performance:

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2026	2025	2026	2025
Comparable restaurant sales performance (%)	(0.4)%	(2.1)%	1.8%	(1.7)%
Comparable restaurant base	68	53	68	53

Number of Restaurant Openings

The number of restaurant openings reflects the number of restaurants opened during a particular reporting period. Before we open new restaurants, we incur pre-opening costs. New restaurants may not be profitable, and their sales performance may not follow historical patterns. The number and timing of restaurant openings have had, and is expected to continue to have, an impact on our results of operations. The following table shows the growth in our restaurant base:

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2026	2025	2026	2025
Restaurant activity:				
Beginning of period	84	73	79	64
Openings	7	3	12	12
End of period	91	76	91	76

Liquidity and Capital Resources

Our primary sources of liquidity and cash flows are cash and cash equivalents on hand and cash provided by operating activities. Our primary uses of cash are for operational expenditures and capital investments, including new restaurants, costs incurred for restaurant remodels and restaurant fixtures. The significant components of our working capital are liquid assets such as cash, cash equivalents and receivables reduced by accounts payable and accrued expenses. Our working capital position benefits from the fact that we generally collect cash from sales to guests the same day or, in the case of credit or debit card transactions, within several days of the related sale, while we typically have longer payment terms with our vendors.

On December 29, 2025, we filed a universal shelf registration statement on Form S-3 (the “Registration Statement”) with the SEC in accordance with the Securities Act of 1933, as amended (the “Securities Act”). The Registration Statement was declared effective on January 7, 2026, and registered Class A common stock, preferred stock, depositary shares, warrants, subscription rights, share purchase contracts, share purchase units, and any combination of the foregoing, for a maximum aggregate offering price of up to \$100.0 million, which may be sold from time to time. The terms of any securities offered under the Registration Statement and intended use of proceeds will be established at the times of the offerings and will be described in prospectus supplements filed with the SEC at the times of the offerings. The Registration Statement has a three-year term from the date of effectiveness.

We believe that cash provided by operating activities, cash on hand, cash equivalents and short-term investments will be sufficient to fund our lease obligations, capital expenditures and working capital needs for at least the next 12 months. We also maintain a Revolving Credit Agreement with Kura Japan, of which the maturity date has been extended to April 10, 2028 pursuant to the Third Amendment with Kura Japan.

During the nine months ended May 31, 2026, we had no borrowings under the Revolving Credit Agreement and have \$45.0 million of availability remaining. As of May 31, 2026, we did not have any material off-balance sheet arrangements.

Summary of Cash Flows

The following table summarizes our cash flows for the periods presented:

	Nine Months Ended May 31,	
	2026	2025
Statement of Cash Flow data:	(amounts in thousands)	
Net cash provided by operating activities	\$ 18,427	\$ 15,338
Net cash used in investing activities	\$ (41,991)	\$ (84,183)
Net cash provided by financing activities	\$ 438	\$ 64,991

Cash Flows Provided by Operating Activities

Net cash provided by operating activities during the nine months ended May 31, 2026 was \$18.4 million, primarily due to a net loss of \$4.3 million, non-cash charges of \$12.7 million for depreciation and amortization, \$3.5 million for stock-based compensation, and net cash outflows of \$6.3 million from changes in operating assets and liabilities.

Net cash provided by operating activities during the nine months ended May 31, 2025 was \$15.3 million, primarily due to a net loss of \$4.2 million, non-cash charges of \$10.2 million for depreciation and amortization, \$3.5 million for stock-based compensation, and net cash outflows of \$5.6 million from changes in operating assets and liabilities.

Cash Flows Used in Investing Activities

Net cash used in investing activities during the nine months ended May 31, 2026 was \$42.0 million, primarily due to \$43.3 million in purchases of property and equipment, \$35.3 million in purchases of investments and \$1.0 million in purchases of liquor licenses offset by \$37.9 million in maturities and redemptions of investments. The increase in purchases of property and equipment in the nine months ended May 31, 2026 is primarily related to capital expenditures for the construction of future restaurant openings, maintaining our existing restaurants, renovations and other projects.

Net cash used in investing activities during the nine months ended May 31, 2025 was \$84.2 million, primarily due to \$70.2 million in purchases of investments, \$36.7 million in purchases of property and equipment and \$1.0 million in purchases of liquor licenses offset by \$24.0 million in redemptions of long-term investments. The increase in purchases of property and equipment in the nine months ended May 31, 2025 is primarily related to capital expenditures for current and future restaurant openings, maintaining our existing restaurants and other projects.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities during the nine months ended May 31, 2026 was \$0.4 million and is primarily due to \$0.9 million of proceeds from exercise of stock options offset by \$0.4 million in taxes paid on vested RSUs.

Net cash provided by financing activities during the nine months ended May 31, 2025 was \$65.0 million and is primarily due to aggregate net proceeds from the issuance of stock of \$64.4 million after deducting the underwriting discounts and commissions and offering expenses, \$0.9 million of proceeds from exercise of stock options offset by \$0.3 million in taxes paid on vested RSUs.

Material Cash Requirements

As of May 31, 2026, we had \$18.8 million in contractual obligations which consisted of \$13.0 million in purchase commitments for food related to restaurant operations and \$5.8 million related to the construction of new restaurants. All contractual obligations are expected to be paid during the next 12 months utilizing cash and cash equivalents on hand and provided by operating activities. For operating lease obligations, see “Note 3. Leases” in the Notes to Condensed Financial Statements included in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

For a description of our recently issued or adopted accounting pronouncements, including the respective date of adoption and expected effect on our results of operations and financial condition, see “Note 1. Organization and Basis of Presentation” in the Notes to Condensed Financial Statements included in this Quarterly Report on Form 10-Q.

Critical Accounting Estimates

Our discussion and analysis of operating results and financial condition is based on our financial statements. Preparing our financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales, expenses and related disclosures of contingent assets and liabilities. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis.

Our critical accounting policies are those that materially affect our financial statements. Our critical accounting estimates are those that involve subjective or complex judgments by management. Although these estimates are based on management's best knowledge of current events and actions that may impact us in the future, actual results may be materially different from the estimates. We believe the assessment of potential impairments of long-lived assets is affected by significant judgments and estimates used in the preparation of our financial statements and that the judgments and estimates are reasonable.

There have been no material changes in our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the fiscal year ended August 31, 2025. Please refer to "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" of our Annual Report on Form 10-K for the fiscal year ended August 31, 2025 for a discussion of our critical accounting policies and estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our market risk during the nine months ended May 31, 2026. For a discussion of our exposure to market risk, refer to our market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the fiscal year ended August 31, 2025.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Our management carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

For a description of our legal proceedings, see Note 8 – Commitments and Contingencies, in the Notes to Condensed Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors.

A description of the risk factors associated with our business is contained in the “Risk Factors” section of our Annual Report on Form 10-K for our fiscal year ended August 31, 2025. There have been no material changes to our Risk Factors as therein previously reported.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On April 14, 2026, Robert Kluger, our Chief Development Officer, adopted a Rule 10b5-1 trading arrangement, as such term is defined in Item 408(a) of Regulation S-K, that is intended to satisfy the affirmative defense Rule 10b5-1(c). The trading agreement provides for the potential exercise and sale of shares of the Company’s common stock underlying 16,394 of Mr. Kluger’s outstanding option awards, from August 3, 2026, at the earliest, until January 29, 2027, at the latest.

On April 21, 2026, Hajime Uba, our Chairman, President, Chief Executive Officer and Interim Chief Financial Officer, adopted a Rule 10b5-1 trading arrangement, as such term is defined in Item 408(a) of Regulation S-K, that is intended to satisfy the affirmative defense Rule 10b5-1(c). The trading agreement provides for the potential exercise and sale of shares of the Company’s common stock underlying 30,000 of Mr. Uba’s outstanding option awards, from August 3, 2026, at the earliest, until January 29, 2027, at the latest.

On May 14, 2026, Brent Takao, our Chief Accounting Officer, adopted a Rule 10b5-1 trading arrangement, as such term is defined in Item 408(a) of Regulation S-K, that is intended to satisfy the affirmative defense Rule 10b5-1(c). The trading agreement provides for the potential exercise and sale of shares of the Company’s common stock underlying 20,578 of Mr. Takao’s outstanding option awards, from August 17, 2026, at the earliest, until February 12, 2027, at the latest.

Item 6. Exhibits.

Exhibit Number	Description
31.1*	<u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

* Filed herewith.

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 thereunto duly authorized.

KURA SUSHI USA, INC.

Date: July 7, 2026

By: /s/ Hajime Uba
Hajime Uba
Chairman, President, Chief Executive Officer and Chief Financial
Officer
(Principal Executive and Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Hajime Uba, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kura Sushi USA, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 7, 2026

/s/ Hajime Uba
Hajime Uba
Chairman, President, Chief Executive Officer and Chief Financial
Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Kura Sushi USA, Inc. (the “Company”) on Form 10-Q for the period ending May 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: July 7, 2026

By: /s/ Hajime Uba
Hajime Uba
Chairman, President, Chief Executive Officer and Chief Financial Officer
