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Yoshiharu Reports First Quarter 2023 Financial Results

BUENA PARK, CA / ACCESSWIRE / May 10, 2023 [/Yoshiharu Global Co.](#)

(Nasdaq:YOSH) ("Yoshiharu" or the "Company"), a California-based restaurant operator specializing in authentic Japanese ramen, reported results for the first quarter ended March 31, 2023.

First Quarter 2023 and Recent Operational Highlights

- [Opened](#) the ninth restaurant location in Corona, California on April 21, 2023.
- [Introduced](#) a new restaurant concept, Yoshiharu Ramen & Izakaya, at its La Mirada location.
- [Announced](#) the launch of its special menu items and Valentine's Day promotion.
- Continued development efforts with four new restaurant locations under construction, which are all expected to open in 2023. The Company expects to be fully operating a total of 13 restaurants by the end of 2023.
- Restaurant-level contribution margin increased to 10% in Q1 2023 from 2% in Q1 2022.

Management Commentary

"We started the year on a high note as we continued to grow our same-store sales, expanded our footprint with the opening of our ninth location, and maintained relatively stable restaurant operating expenses," said James Chae, Yoshiharu's President, CEO and Chairman of the Board. "While inflationary pressures continue to impact the broader economic environment, our organization has been hard at work to strategically align our pricing with the rising costs in our supply chain. To-date, we have not experienced any notable impact to our traffic or average ticket as demand for authentic Japanese cuisine remains robust.

"As we approach the summer period, we've taken precautionary measures to offset the seasonality in our industry by extending our operating hours for two of our stores. In addition, we believe our new innovative restaurant concept with an augmented menu will continue to drive traffic, despite the warmer weather. All in all, we are encouraged by the strong start to the year and expect to continue executing upon our growth strategy."

First Quarter 2023 Financial Results

Revenue increased 22% to \$2.5 million compared to \$2.0 million in the prior year period. The \$0.5 million year-over-year increase was primarily driven by an increase in same-store sales of \$0.3 million, along with \$0.2 million in incremental sales from one new restaurant opened in July 2022. From a same-store sales perspective, the seven existing restaurant locations that were open through all of 2022 experienced a combined average monthly sales

increase of 12% for the three-month period ended March 31, 2023, from the comparable period in the prior year.

Total restaurant operating expenses remained consistent at \$2.4 million. Although the Company was affected by slight increases in costs associated with inflationary pressures, these were offset by recording less impact from depreciation.

Operating loss was \$1.1 million compared to \$0.8 million in the prior year period. Adjusted EBITDA, a non-GAAP measure defined below, was \$(0.7) million compared to \$(0.4) million in the prior year period. Net loss was \$1.1 million compared to a net loss of \$0.4 million in the prior year period. The slight decline in profitability was primarily due to the aforementioned minor cost increases as a result of inflationary pressures across the supply chain and labor market.

The Company's cash balance totaled \$4.2 million on March 31, 2023, compared to \$6.5 million on December 31, 2022.

For more information regarding Yoshiharu's financial results, including financial tables, please see the Form 10-Q filed with the U.S. Securities and Exchange Commission (the "SEC"). The Company's SEC filings can be found on the SEC 's website at <https://www.sec.gov/> or the Company's investor relations site at <https://ir.yoshiharuramen.com/>.

About Yoshiharu Global Co.

Yoshiharu is a fast-growing restaurant operator and was borne out the idea of introducing the modernized Japanese dining experience to customers all over the world. Specializing in Japanese ramen, Yoshiharu gained recognition as a leading ramen restaurant in Southern California within six months of its 2016 debut and has continued to expand its top-notch restaurant service across Southern California, currently owning and operating nine restaurants.

For more information, please visit www.yoshiharuramen.com.

Non-GAAP Financial Measures

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 employee retention credit, litigation accrual, and certain executive transition costs, that we believe are not indicative of our core operating results. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by sales. EBITDA, and Adjusted EBITDA are non-GAAP measures which are intended as supplemental measures of our performance and are neither required by, nor presented in accordance with, GAAP. The Company believes that EBITDA, and Adjusted EBITDA provide useful information to management and investors regarding certain financial and business trends relating to its 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 its GAAP financial results.

The Company believes that the use of EBITDA, and Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing its 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, and Adjusted EBITDA that in the future the Company may incur expenses similar to those excluded when calculating these measures. In addition, the Company's presentation of these measures should not be construed as an inference that its future results will be unaffected by unusual or non-recurring items. The Company's computation of Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate Adjusted EBITDA in the same fashion.

Because of these limitations, EBITDA, and Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. The Company compensates for these limitations by relying primarily on its GAAP results and using EBITDA, and Adjusted EBITDA on a supplemental basis. You should review the reconciliation of net loss to EBITDA, and Adjusted EBITDA in the Company's SEC filings and not rely on any single financial measure to evaluate its business.

The full reconciliation of net loss to EBITDA and Adjusted EBITDA can be found on the SEC's website at <https://www.sec.gov/> or the Company's investor relations site at <https://ir.yoshiharuramen.com/>.

Forward Looking Statements

This press release includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements regarding our position to execute on our growth strategy, and our ability to expand our leadership position. These forward-looking statements include, but are not limited to, the Company's beliefs, plans, goals, objectives, expectations, assumptions, estimates, intentions, future performance, other statements that are not historical facts and statements identified by words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates" or words of similar meaning. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in, or suggested by, these forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved.

Investor Relations Contact:

Cody Cree and John Yi
Gateway Group, Inc.
949-574-3860
YOSH@gatewayir.com

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