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Yoshiharu Reports Second Quarter 2023 Financial Results

BUENA PARK, CA / ACCESSWIRE / August 14, 2023 [/Yoshiharu Global Co.](https://www.yoshiharuglobal.com)

(NASDAQ:YOSH) ("Yoshiharu" or the "Company"), a California-based restaurant operator specializing in authentic Japanese ramen, reported results for the second quarter ended June 30, 2023.

Second Quarter 2023 and Recent Operational Highlights

- Restaurant-level contribution margin increased to 13.1% in the six months ended June 30, 2023 from 9.0% in the six months ended June 30, 2022.
- [Announced](#) the launch of Cold Ramen as New Seasonal Menu Item.
- [Presented](#) at the 13th Annual LD Micro Invitational at the Luxe Sunset Boulevard Hotel.
- [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.
- 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.

Management Commentary

"During the second quarter, we experienced a consecutive quarter of year-over-year revenue growth with encouraging trends across key performance indicators," said James Chae, Yoshiharu's President, CEO and Chairman of the Board. "Our year-to-date restaurant-level contribution improved 410 basis points year-over-year to 13.1%, while our average unit volume improved to \$1.2 million. We believe the increase in both metrics affirms our corporate growth strategy and sets us on the right path of further capitalizing on additional restaurant openings.

"Our team remains laser focused on accomplishing our short-term goal of opening four more restaurants for a total of 13 corporate-owned locations by the end of the year. Our executive team has also been hyper-focused on minimizing our cash burn rate and being strategic with our working capital. Demand remains strong for our delicious, authentic Japanese ramen and we look forward to capitalizing on the cooler weather as move into the back-half of the year."

Second Quarter 2023 Financial Results

Revenue increased 14% to \$2.2 million compared to \$1.9 million in the prior year period. The \$0.3 million year-over-year increase was primarily due to the one new restaurant opened in July 2022.

Restaurant-level contribution margin remained flat compared to the prior year period. 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 6.1% for the three-month period ended June 30, 2023, from the comparable period in the prior year.

Total restaurant operating expenses were \$2.0 million compared to \$1.7 million in the prior year period. The increase was primarily attributable to increased labor expenses.

Operating loss was \$1.0 million compared to \$0.4 million in the prior year period. Adjusted EBITDA, a non-GAAP measure defined below, was \$(0.6) million compared to \$(0.3) million in the prior year period. Net loss was \$1.0 million compared to a net loss of \$0.4 million in the prior year period. The decline in profitability was primarily due to increased expenses, stemming from the new restaurant locations and various administrative expenses to support the Company's growth plan.

The Company's cash balance totaled \$3.4 million on June 30, 2023, compared to \$6.5 million on December 31, 2022.

Six-Month 2023 Financial Results

Revenue increased 18% to \$4.7 million compared to \$4.0 million in the prior year period. The increase in revenue resulted from one new restaurant opening and an increase in sales from the existing restaurants. The seven restaurant locations that were open through all of 2022 experienced sales growth in general during the six months ended June 30, 2023.

Restaurant-level contribution margin increased 410 basis points to 13.1%, compared to 9.0% in the prior year period. Average Unit Volumes increased to \$1.2 million compared to \$1.1 million in the prior year period. Combined average monthly sales for these locations increased by 9% for the six-month period ended June 30, 2023, compared to the prior-year period.

Total restaurant operating expenses were \$4.3 million compared to \$4.1 million in the prior year period. The increase was primarily attributable to an increase in food, beverages and supplies and labor expenses.

Operating loss was \$2.0 million compared to \$1.2 million in the prior year period. Adjusted EBITDA, a non-GAAP measure defined below, was \$(1.4) million compared to \$(0.7) million in the prior year period. Net loss was \$2.2 million compared to a net loss of \$0.8 million in the prior year period.

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.

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