

November 14, 2023



# Yoshiharu Reports Third Quarter 2023 Financial Results

**BUENA PARK, CA / ACCESSWIRE / November 14, 2023** /Yoshiharu Global Co. (NASDAQ:YOSH) ("Yoshiharu" or the "Company"), a California-based restaurant operator specializing in authentic Japanese ramen, reported results for the third quarter ended September 30, 2023.

## Third Quarter 2023 and Recent Operational Highlights

- Restaurant-level contribution increased to \$543,000 in the nine months ended September 30, 2023 from \$485,000 in the same period last year.
- [Signed](#) non-binding Memorandum of Understanding to acquire 3 Las Vegas Restaurants
- [Launched](#) nine new menu items across nine store locations.
- [Authorized](#) \$1 million share repurchase program.
- Continued development efforts with four new restaurant locations under construction, which are all expected to open in 2023. The Company remains on track to be fully operating a total of 13 restaurants by the end of 2023.

## Management Commentary

"We continued to see sustained momentum marked by our fourth consecutive quarter of year-over-year revenue growth, fueled by the successful launch of our new restaurant in Corona earlier this year and the introduction of a diverse range of menu items this past quarter," said James Chae, Yoshiharu's President, CEO and Chairman of the Board. "We've remained judicious with our cash burn rate and are more efficiently managing working capital which has played a pivotal role in improving our bottom line. Our improvement in those metrics underscores our continued commitment to sustained financial resilience and growth.

"Looking ahead, we believe we are well-positioned to capitalize on the upcoming seasonal and holiday tailwinds, which historically have bolstered our top-line growth. We are moving closer to accomplishing our near-term objective of opening four more restaurants by the end of the year, and we plan to provide more updates soon. As we continue to execute on our expansion strategy and deliver consistent innovation with new menu items, we believe 2024 will be an exceptionally strong year for Yoshiharu Ramen."

## Third Quarter 2023 Financial Results

Revenue increased 14.3% to \$2.0 million compared to \$1.8 million in the prior year period. The \$0.2 million year-over-year increase was primarily due to the one new restaurant opened in April 2023.

Restaurant-level contribution margin decreased to (3.6)% compared to 7.3% in the prior year period. This was primarily due to testing a new concept of Izakaya and Ramen at the

renovated La Mirada location. The Company plans to continue testing different concepts with certain restaurants to find the most economically sound fit.

Total restaurant operating expenses were \$2.2 million compared to \$1.7 million in the prior year period, with the increase primarily driven by higher labor expenses from the new restaurant opening in Corona. With the anticipated increase in revenues in Corona, the Company expects labor costs to stabilize.

Operating loss improved to \$0.8 million compared to \$1.5 million in the prior year period. Adjusted EBITDA, a non-GAAP measure defined below, improved to \$(0.5) million from \$(0.6) million in the prior year period. Net loss improved to \$0.9 million from a net loss of \$1.5 million in the prior year period. The improvement in profitability was primarily due to the Company's increased sales and decreased total operating expenses.

The Company's cash balance totaled \$2.5 million on September 30, 2023, compared to \$6.5 million on December 31, 2022.

### **Nine-Month 2023 Financial Results**

Revenue increased 16.8% to \$6.7 million compared to \$5.7 million in the prior year period. The increase was primarily driven by new restaurant openings. The seven restaurant locations that were open through all of 2022 experienced sales growth during the nine months ended September 30, 2023.

Restaurant-level contribution margin was 8.1%, comparable to 8.4% in the prior year period. Average Unit Volumes increased slightly to \$1.13 million compared to \$1.08 million in the prior year period. Combined average monthly sales for restaurants open for at least three months prior to the start of the accounting period presented, including those temporarily closed for renovations during the year, increased by 3% for the nine-month period ended September 30, 2023, compared to the prior-year period.

Total restaurant operating expenses were \$6.6 million compared to \$5.8 million in the prior year period. The increase was primarily attributable to an increase in food, beverages and supplies costs in addition to higher labor expenses.

Operating loss was \$2.9 million compared to \$2.7 million in the prior year period. Adjusted EBITDA, a non-GAAP measure defined below, remained flat at \$(2.0) million compared to the prior year period. Net loss was \$3.0 million compared to a net loss of \$2.4 million in the prior year period.

For more information regarding Yoshiharu's financial results, including financial tables, please see our Form 10-Q for the quarterly period ended September 30, 2023 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 born out of 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](http://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 is set forth in our Form 10-Q for the quarterly period ended September 30, 2023 which 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. Forward-looking statements involve inherent risks and uncertainties which could cause actual results to differ materially from those in the forward-looking statements, as a result of various factors including those risks and uncertainties described in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our filings with the SEC including our Form 10-K for the year ended December 31, 2022, and subsequent reports we file with the SEC from time to time, which can be found on the SEC's website at [www.sec.gov](http://www.sec.gov). Such risks, uncertainties, and other factors include, but are not limited to, the risk that we may not be able to successfully implement our growth strategy if we are unable to identify appropriate sites for restaurant locations, expand in existing and new markets, obtain favorable lease terms, attract guests to our restaurants or hire and retain personnel; that our operating results and growth strategies will be closely tied to the success of our future franchise partners and we will have limited control with respect to their operations; the risk that we may face negative publicity or damage to our reputation, which could arise from concerns regarding food safety and foodborne illness or other matters; that minimum wage increases and mandated employee benefits could cause a significant increase in our labor costs; We urge you to consider those risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update these statements for revisions or changes after the date of this release, except as required by law.

**Investor Relations Contact:**

Cody Cree and John Yi  
Gateway Group, Inc.  
949-574-3860

[YOSH@gateway-grp.com](mailto:YOSH@gateway-grp.com)

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