

April 1, 2024



Yoshiharu Reports Fourth Quarter and Full Year 2023 Financial Results

BUENA PARK, CA / ACCESSWIRE / April 1, 2024 Yoshiharu Global Co. (NASDAQ:YOSH) ("Yoshiharu" or the "Company"), a California-based restaurant operator specializing in authentic Japanese ramen, reported results for the fourth quarter and full year ended December 31, 2023.

Fourth Quarter 2023 and Recent Operational Highlights

- [Opened](#) the 11th restaurant location in Laguna Niguel, California on February 2nd, 2024
- [Opened](#) the 10th restaurant location in Garden Grove, California on December 18th, 2023
- [Signed](#) an asset purchase agreement to acquire 3 Las Vegas Restaurants
- Restaurant-level contribution increased to \$910,000 for the year ended December 31, 2023 from \$824,000 in the same period last year
- Restaurant-level contribution margin increased to 14.7% in the three months ended December 31, 2023 from 13.4% in the same period last year
- Q4 2023 EBITDA improved to \$(0.4) million from \$(0.8) million in Q4 2022
- On track to have 16 total restaurant locations open by the end of the first half of 2024

Management Commentary

"Yoshiharu experienced notable operational achievements in 2023, marked by the successful launch of three new restaurant locations driving our top-line performance for the year," said James Chae, Yoshiharu's President, CEO and Chairman of the Board. "Our strategic locations for the three new restaurants have yielded strong performance and sustained demand thus far, as we aim to replicate this successful trend with our pipeline of new restaurant locations. We are consistently making significant strides in strengthening our balance sheet, as evidenced by the ongoing improvement in our restaurant-level contribution margin, which reached 14.7% in the fourth quarter of 2023. Our commitment to efficiently managing our cash burn utilization remained evident, resulting in quarter-over-quarter improvement in adjusted EBITDA and a positive trajectory for our overall financial profile for 2024 as we continue to execute on our expansion and growth initiatives."

Fourth Quarter 2023 Financial Results

Revenue was \$2.5 million and remained flat compared to the prior year period.

Restaurant-level contribution margin increased to 14.7% compared to 13.4% in the prior year period. The increase was primarily due to the decrease in food and beverage costs following the increased bargaining power.

Total restaurant operating expenses were \$2.3 million, a slight decrease compared to the prior year period. The slight decrease was primarily driven by a decrease in food, beverages, and supplies costs, rent and utilities expenses, along with management's cost saving efforts.

Operating loss improved to \$0.7 million compared to \$1.1 million in the prior year period. Adjusted EBITDA, a non-GAAP measure defined below, improved to \$(0.4) million from \$(0.8) million in the prior year period. Net income was \$8,597 compared to a net loss of \$1.1 million in the prior year period. The improvement was primarily due to the decrease in general expenses following management's efforts to streamline the administrative expenses.

The Company's cash balance totaled \$1.8 million on December 31, 2023, compared to \$6.5 million on December 31, 2022.

Full Year 2023 Financial Results

Revenue increased 11.3% to \$9.2 million compared to \$8.3 million in the prior year period. The \$0.9 million year-over-year increase was primarily due to sales from two newly opened restaurants in July 2022 and April 2023, respectively.

Restaurant-level contribution margin was 9.9%, compared to 10.0% in the prior year period. Average Unit Volumes decreased to \$1.07 million compared to \$1.18 million in the prior year period. Combined average monthly sales for the seven restaurant locations that were open through all of 2022 and 2023 slightly decreased by 0.8% for the full year 2023 compared to the prior year period, primarily due to a renovation of La Mirada restaurant.

Total restaurant operating expenses were \$8.9 million compared to \$8.1 million in the prior year period. The increase was primarily attributable to an increase in revenues compared to the prior year. The percentage of operating expenses has improved from 98% to 96% due to management's efforts to streamline administrative expenses.

Operating loss was \$3.5 million compared to \$3.8 million in the prior year period. Adjusted EBITDA, a non-GAAP measure defined below, was \$(2.4) million compared to \$(2.2) million in the prior year period. Net loss was \$(3.0) million compared to a net loss of \$(3.5) million in the prior year period.

For more information regarding Yoshiharu's financial results, including financial tables, please see our Form 10-K for the year ended December 31, 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 11 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 is set forth in our Form 10-K for the year ended December 31, 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, 2023, 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. Such risks, uncertainties, and other factors include, but are not limited to: the risk that our plans to maintain and increase liquidity may not be successful to remediate our past operating losses; 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; the risk that that minimum wage increases and mandated employee benefits could cause a significant increase in our labor costs; and the risk that our marketing programs may not be successful, and our new menu items, advertising campaigns and restaurant designs and remodels may not generate increased sales or profits. 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.

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