

November 19, 2024



# Yoshiharu Reports Third Quarter 2024 Financial Results

*Third Quarter 2024 Revenues Increase 49% to \$3.0 Million*

*9M 2024 Revenues Increase 36% to \$9.2 Million*

*Strategic Partnerships in Sichuan and Liaoning Provinces in China Anchor International Expansion Plans, Entry into Growing Korean BBQ Segment Expands Presence and Cuisine*

BUENA PARK, Calif., Nov. 19, 2024 (GLOBE NEWSWIRE) -- Yoshiharu Global Co. (NASDAQ: YOSH) ("Yoshiharu" or the "Company"), a restaurant operator specializing in authentic Japanese ramen & rolls, today reported results for the third quarter ended September 30, 2024.

## Third Quarter 2024 and Recent Operational Highlights

- Grand opening of a new restaurant in San Clemente, CA, bringing the number of locations to 15 with 2 additional locations under construction.
- Entered into a non-binding Memorandum of Understanding ("MoU") with Chengdu Octaday Entertainment Group through a Master License Agreement ("MLA") for the Sichuan Province in China to introduce Yoshiharu Global's Expanding Cuisine in Sichuan Province, China, with a rich and diverse culture and home to over 83 million people.
- Entered into a non-binding MoU with Xing Sheng Group through a MLA for the Liaoning Province in China to introduce a new flagship Yoshiharu restaurant in Shenyang, China, home to over 43 million people.
- Announced the planned entry into the lucrative and growing Korean BBQ ("KBBQ") category, with synergies with existing ramen business expected to drive expanding market opportunity and footprint in high growth category.
- Closed a non-brokered \$1.0 million private placement investment from an accredited investor and intends to use these proceeds for the expansion into the KBBQ segment.
- Nine months 2024 revenue increased 36.3% to \$9.2 million.
- Restaurant-level contribution increased to \$1.0 million for the nine-months ended September 30, 2024 from \$543,000 in the same period last year.

## Management Commentary

"The third quarter of 2024 was highlighted by strong revenue growth, the grand opening of our 15<sup>th</sup> location, and new partnerships and initiatives, all positioning us to grow the brand and move us steadily towards profitability," said James Chae, Yoshiharu's President, CEO and Chairman of the Board. "In the quarter, revenue growth was driven by our restaurant service across Southern California, Las Vegas and diversified mix of service channels,

including takeout and delivery. We have successfully optimized operating expenses while maintaining a strong Average Unit Volume (“AUV”) comparable to previous periods, despite continued headwinds from input costs, consumer price sensitivity, and higher cost of capital.

“We continued to expand our presence and cuisine in both the US and international dining scenes in the third quarter. We celebrated the grand opening of our newest US location in San Clemente, CA, a classic beach town destination known for its beaches, world class surfing and vibrant dining scene. The new location benefits from excellent access and high visibility to I-5, drawing an estimated 8,300 visits a day and over 3 million visits a year, surrounded by an affluent population of more than 69,000 with an average household income of over \$145,000 within a 3-mile radius.

“In China, two new strategic non-binding Memorandum of Understandings (“MoU”) through Master License Agreements (“MLA”) will enable us to open locations across China. With Chengdu Octaday Entertainment Group, we are aiming to introduce Yoshiharu Global’s expanding cuisine in Sichuan Province, China, home to over 83 million people. The partnership presents multiple opportunities to open locations within Chengdu Octaday’s 30 corporate owned and managed hotels, theme parks and other destination attractions. We also partnered with Xing Sheng Group to introduce a new flagship Yoshiharu restaurant in Shenyang, China, home to over 43 million people. Xing Sheng Group’s real estate arm specializes in developing tourist attraction centers in Shenyang and is currently constructing China’s largest water park. This partnership offers us a prime opportunity to develop a flagship location within the water park, catering to both local residents and visiting tourists.

“Recently we announced a new initiative to enter the lucrative and growing Korean BBQ (“KBBQ”) category, a highly complementary addition to our ramen business. Demand for KBBQ cuisine in the US has grown along with the popularity of Korean street food and the interest in new international flavors. The communal and interactive nature of KBBQ, with its extensive menus and relatively affordable prices, is a large part of this appeal. Armed with a \$1.0 investment for this initiative, we believe we can capitalize on the resource and ingredient synergies between our existing offerings and KBBQ concept to enhance purchasing power, attract a wider audience, and explore cross-promotion opportunities to further solidify and expand the Yoshiharu brand. We also plan to explore further collaborative opportunities with Xing Sheng Group.

“Looking ahead, we are expanding our US geographic footprint with two more locations currently under construction and expected to open in Menifee, CA in December 2024 and Ontario, CA in January 2025. We continue to focus on the bottom-line as we remain keen on reaching profitability in the near future, supported by new initiatives such as adding kiosks across our stores and utilizing cooking robots to reduce labor costs. We are poised for additional growth with two new partnerships in China and expansion into the Korean BBQ segment. Taken together, we believe our multi-dimensional growth strategy will expand the Yoshiharu brand and build long-term shareholder value,” concluded Chae.

### **Third Quarter 2024 Financial Results**

Revenues increased 48.9% to \$3.0 million compared to \$2.0 million in the prior year period. The increase was primarily driven by the three new Las Vegas restaurants acquired in April 2024.

Total restaurant operating expenses were \$3.1 million compared to \$2.2 million in the prior year period. The increase was primarily driven by increases in revenues from the three new Las Vegas restaurants acquired.

Operating loss increased to (\$1.0) million compared to a loss of (\$0.8) million in the prior year period as a result of higher general and administrative driven by the acquisition of Las Vegas entities.

Adjusted EBITDA, a non-GAAP measure defined below, was \$(0.7) million compared to \$(0.6) million in the prior year period.

Net loss was (\$1.2) million compared to a net loss of (\$0.9) million in the prior year period primarily due to an increase in expenses following the acquisition of Las Vegas.

### **Nine Months 2024 Financial Results**

Revenues increased 36.3% to \$9.2 million compared to \$6.7 million in the prior year period. The increase was primarily driven by three new Las Vegas restaurants acquired in April 2024.

Restaurant-level contribution margin was 11.0% compared to 8.1% in the prior period with the increase in revenue from the LV acquisition and the management efforts to control the costs.

Total restaurant operating expenses were \$8.7 million compared to \$6.6 million in the prior year period. The increase was due to increases in in revenue. As a percentage of the revenue, the operating expenses were 96% compared to 98% in the prior period.

Operating loss improved to (\$2.8) million compared to a loss of \$(2.9) million in the prior year period.

Adjusted EBITDA, a non-GAAP measure defined below, was \$(1.9) million compared to \$(2.0) million in the prior year period.

Net loss was \$3.2 million compared to a net loss of \$3.0 million in the prior year period. The increase was primarily due to an increase in expenses following the acquisition of Las Vegas.

The Company's cash balance totaled \$1.7 million on September 30, 2024, compared to \$1.4 million on December 31, 2023.

For more information regarding Yoshiharu's financial results, including financial tables, please see our Form 10-Q for quarter ended September 30, 2024 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 [www.sec.gov](http://www.sec.gov) or the Company's investor relations site at [ir.yoshiharuramen.com](http://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 and Las Vegas, currently owning and operating 14 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 quarter ended September 30, 2024 which can be found on the SEC 's website at [www.sec.gov](http://www.sec.gov) or the Company's investor relations site at [ir.yoshiharuramen.com](http://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](http://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.

**Investor Relations Contact:**

Larry W Holub  
Director  
MZ North America  
[YOSH@mzgroup.us](mailto:YOSH@mzgroup.us)  
312-261-6412

**Yoshiharu Global Co.  
Unaudited Consolidated Balance Sheets**

<i>As of</i>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 1,712,064	\$ 1,462,326
Accounts receivable	36,397	-
Inventories	89,462	73,023
Total current assets	<u>1,837,923</u>	<u>1,535,349</u>
<b>Non-Current Assets:</b>		
Property and equipment, net	5,031,361	4,092,950
Operating lease right-of-use asset	6,846,051	5,459,708
Intangible asset	504,499	-
Goodwill	1,985,645	-
Other assets	1,106,597	1,931,357
Total non-current assets	<u>15,474,153</u>	<u>11,484,015</u>
<b>Total assets</b>	<b><u>\$ 17,312,076</u></b>	<b><u>\$ 13,019,364</u></b>

#### LIABILITIES AND STOCKHOLDERS' EQUITY

<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 884,857	\$ 647,811
Line of credit	1,000,000	1,000,000
Current portion of operating lease liabilities	908,691	572,230
Current portion of bank notes payables	169,814	414,378
Current portion of loan payable, EIDL	2,669	10,536
Loans payable to financial institutions	119,939	534,239
Due to related party	1,770,796	24,176
Other payables	<u>1,078,291</u>	<u>65,700</u>
Total current liabilities	5,895,057	3,269,070
Operating lease liabilities, less current portion	6,770,605	5,689,535
Bank notes payables, less current portion	2,830,798	991,951
Loan payable, EIDL, less current portion	415,422	415,329
Notes payable to related party	600,000	-
Convertible notes to related party	<u>1,200,000</u>	<u>-</u>
Total liabilities	<u>17,711,882</u>	<u>10,365,885</u>

#### **Commitments and Contingencies**

**Stockholders' equity**

Class A Common Stock - \$0.0001 par value; 49,000,000 authorized shares; 1,255,197 shares issued and outstanding at September 30, 2024 and 1,230,246 shares issued and outstanding at December 31, 2023	125	123
Class B Common Stock - \$0.0001 par value; 1,000,000 authorized shares; 100,000 shares issued and outstanding at September 30, 2024 and December 31, 2023	10	10
Additional paid-in capital	12,143,969	11,994,119
Accumulated deficit	(12,543,910)	(9,340,773)
Total stockholders' equity (deficit)	<u>(399,806)</u>	<u>2,653,479</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 17,312,076</u></b>	<b><u>\$ 13,019,364</u></b>

**Yoshiharu Global Co.**  
**Unaudited Consolidated Statements of Operations**

	<i>Nine months Ended</i>		<i>Three Months Ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenue:</b>				
Food and beverage	\$ 9,152,530	\$ 6,714,429	\$ 3,015,525	\$ 2,025,386
Total revenue	<u>9,152,530</u>	<u>6,714,429</u>	<u>3,015,525</u>	<u>2,025,386</u>
<b>Restaurant operating expenses:</b>				
Food, beverages and supplies	2,362,515	1,787,046	853,943	557,705
Labor	4,125,195	3,129,198	1,344,534	1,125,717
Rent and utilities	1,262,963	840,389	493,667	285,013
Delivery and service fees	398,986	415,139	118,070	130,189
Depreciation	596,701	396,388	246,374	144,701
Total restaurant operating expenses	<u>8,746,360</u>	<u>6,568,160</u>	<u>3,056,588</u>	<u>2,243,325</u>
Net operating restaurant operating income (loss)	<u>406,170</u>	<u>146,269</u>	<u>(41,063)</u>	<u>(217,939)</u>
<b>Operating expenses:</b>				
General and administrative	2,953,755	2,700,078	935,591	477,732
Related party compensation	139,769	216,308	50,000	92,876
Advertising and marketing	<u>80,955</u>	<u>86,593</u>	<u>22,391</u>	<u>34,051</u>

Total operating expenses	<u>3,174,479</u>	<u>3,002,979</u>	<u>1,007,982</u>	<u>604,659</u>
<b>Loss from operations</b>	(2,768,309)	(2,856,710)	(1,049,045)	(822,598)
<b>Other income (expense):</b>				
Gain on disposal of fixed asset	-	8,920	-	-
Other income	12,207	14,774	-	7,784
Interest	<u>(413,598)</u>	<u>(186,877)</u>	<u>(161,472)</u>	<u>(48,049)</u>
Total other income (expense), net	<u>(401,391)</u>	<u>(163,183)</u>	<u>(161,472)</u>	<u>(40,265)</u>
Loss before income taxes	(3,169,700)	(3,019,893)	(1,210,517)	(862,863)
Income tax provision	<u>33,437</u>	<u>29,068</u>	<u>11,599</u>	<u>22,080</u>
<b>Net loss</b>	<u><u>\$ (3,203,137)</u></u>	<u><u>\$ (3,048,961)</u></u>	<u><u>\$ (1,222,116)</u></u>	<u><u>\$ (884,943)</u></u>
Loss per share:				
Basic and diluted	<u><u>\$ (2.39)</u></u>	<u><u>(2.29)</u></u>	<u><u>(0.91)</u></u>	<u><u>(0.67)</u></u>
Weighted average number of common shares outstanding:				
Basic and diluted	<u>1,342,585</u>	<u>1,328,847</u>	<u>1,343,537</u>	<u>1,328,847</u>

**Yoshiharu Global Co.**  
**Unaudited Consolidated Statements of Cash Flows**

*For the nine months  
ended  
September 30,*

<u>2024</u>	<u>2023</u>
-------------	-------------

**Cash flows from operating activities:**

Net loss	\$ (3,203,137)	\$ (3,048,961)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	596,701	396,388
Amortization	26,552	-
Gain on disposal of fixed asset	-	(8,920)
Changes in assets and liabilities:		
Accounts receivable	(36,397)	-
Inventories	(3,654)	390



Other assets	825,960	(564,775)
Accounts payable and accrued expenses	199,483	(3,118)
Due to related party	1,746,620	(142,106)
Other payables	1,012,591	59,785
Net cash provided by (used in) operating activities	<u>1,164,719</u>	<u>(3,311,317)</u>

**Cash flows from investing activities:**

Purchases of property and equipment	(437,042)	(1,339,132)
Acquisition of LV entities	<u>(1,800,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,237,042)</u>	<u>(1,339,132)</u>

**Cash flows from financing activities:**

Advance from line of credit	-	500,000
Proceeds from borrowings for acquisition of LV entities	900,000	812,000
Proceeds from borrowings	1,138,164	-
Repayments on bank notes payables	(451,655)	(645,280)
Repayment of loan payable to financial institutions	(414,300)	-
Proceeds from sale of common shares	149,852	-
Net cash provided by financing activities	<u>1,322,061</u>	<u>666,720</u>

Net increase (decrease) in cash 249,738 (3,983,729)

Cash – beginning of period 1,462,326 6,138,786

**Cash – end of period** **\$ 1,712,064** **\$ 2,155,057**

**Supplemental disclosures of non-cash financing activities:**

Note payable to related party	\$ 600,000	-
Convertible notes to related party	\$ 1,200,000	-

**Supplemental disclosures of cash flow information**

Cash paid during the periods for:

Interest	\$ 401,861	\$ 186,877
Income taxes	<u>\$ 33,437</u>	<u>\$ 29,068</u>



Source: Yoshiharu Global Co.