UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2023

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to ___________

Commission File Number: **001-41494**

YOSHIHARU GLOBAL CO.
(Exact name of Registrant as specified in its charter)

Delaware	**5812**	**87-3941448**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

6940 Beach Blvd., Suite D-705
Buena Park, CA 90621
(714) 694-2403
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.0001 par value per share	YOSH	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The registrant has 11,940,000 shares of class A common stock outstanding, and 1,000,000 shares of class B common stock outstanding as of March 31, 2023.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our management's beliefs and assumptions and on information currently available to management, and which statements involve substantial risk and uncertainties. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth and trends, and objectives for future operations such as our ability to achieve in excess of 100% annual unit growth rate over the next three to five years, our hope to generate future comparable restaurant sales growth, our plan to drive high profitability, and our intention to heighten brand awareness are forward-looking statements. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.

These risks and uncertainties include, among other things, 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; the risk that we may not be able to maintain or improve our comparable restaurant sales growth; that the restaurant industry is a highly competitive industry with many competitors; that our limited number of restaurants, the significant expense associated with opening new restaurants, and the unit volumes of our new restaurants makes us susceptible to significant fluctuations in our results of operations; that we have incurred operating losses and may not be profitable in the future; the risk that our plans to maintain and increase liquidity may not be successful; that we depend on our senior management team and other key employees, and the loss of one or more key personnel or an inability to attract, hire, integrate and retain highly skilled personnel could have an adverse effect on our business, financial condition or results of operations; 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; that events or circumstances could cause the termination or limitation of our rights to certain intellectual property critical to our business that is licensed from Yoshiharu Holdings Co., or that we could face infringements on our intellectual property rights and be unable to protect our brand name, trademarks and other intellectual property rights; that challenging economic conditions may affect our business by adversely impacting numerous items that include, but are not limited to: consumer confidence and discretionary spending, the future cost and availability of credit and the operations of our third-party vendors and other service providers; the risk that we, or our point of sale and restaurant management platform partners, may fail to secure guests' confidential, personally identifiable, debit card or credit card information or other private data relating to our employees or us; and the impact of the COVID-19 pandemic, or a similar public health threat, on global capital and financial markets, general economic conditions in the United States, and our business and operations.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described elsewhere in this Quarterly Report on Form 10-Q and in the section titled "Risk Factors" in the Company's recently filed registration statement on Form S-1 (File No. 333-262330). We undertake no obligation to update any forward-looking statements after the date of this Quarterly Report on Form 10-Q or to conform such statements to actual results or revised expectations, except as required by law.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Yoshiharu Global Co.
Unaudited Consolidated Balance Sheets

As of		*March 31, 2023*		*December 31, 2022*
ASSETS				
Current Assets:				
Cash	$	4,214,120	$	6,509,121
Inventories		54,562		60,899
Total current assets		4,268,682		6,570,020
Non-Current Assets:				
Property and equipment, net		3,969,142		3,158,428
Operating lease right-of-use asset		5,840,782		5,980,888
Other assets		1,017,462		308,353
Total non-current assets		10,827,386		9,447,669
Total assets	**$**	**15,096,068**	**$**	**16,017,689**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable and accrued expenses	$	739,982	$	744,101
Line of credit		800,000		300,000
Current portion of operating lease liabilities		518,574		458,803
Current portion of bank notes payables		270,690		265,943
Current portion of loan payable, EIDL		10,892		39,652
Due to related party		16,967		172,720
Other payables		70,173		5,915
Total current liabilities		2,427,278		1,987,134
Operating lease liabilities, less current portion		6,107,693		6,261,767
Bank notes payables, less current portion		964,699		1,020,143
Restaurant revitalization fund		700,454		700,454
Loan payable, EIDL, less current portion		402,590		410,348
Total liabilities		10,602,714		10,379,846
Commitments and Contingencies				
Stockholders' equity				
Class A Common Stock - $0.0001 par value; 49,000,000 authorized shares; 11,940,000 shares issued and outstanding at March 31, 2023 and December 31, 2022		1,194		1,194
Class B Common Stock - $0.0001 par value; 1,000,000 authorized shares; 1,000,000 shares issued and outstanding at March 31, 2023 and December 31, 2022		100		100
Additional paid-in capital		11,936,958		11,936,958
Accumulated deficit		(7,444,898)		(6,300,409)
Total stockholders' equity		4,493,354		5,637,843
Total liabilities and stockholders' equity	**$**	**15,096,068**	**$**	**16,017,689**

See accompanying notes to unaudited consolidated financial statements.

Yoshiharu Global Co.

Unaudited Consolidated Statements of Operations

	Three Months Ended March 31,	
	2023	***2022***
Revenue:		
Food and beverage	$ 2,479,574	$ 2,036,430
Total revenue	2,479,574	2,036,430
Restaurant operating expenses:		
Food, beverages and supplies	651,446	489,556
Labor	1,138,067	1,085,426
Rent and utilities	298,463	291,769
Delivery and service fees	147,837	137,338
Depreciation	128,270	385,117
Total restaurant operating expenses	2,364,083	2,389,204
Net operating restaurant operating income (loss)	115,491	(352,774)
Operating expenses:		
General and administrative	1,060,453	369,745
Related party compensation	112,048	-
Advertising and marketing	26,342	35,666
Total operating expenses	1,198,843	405,411
Loss from operations	(1,083,352)	(758,185)
Other income (expense):		
PPP loan forgiveness	-	385,900
Other income	-	2,100
Interest	(61,137)	(23,609)
Total other income (expense), net	(61,137)	364,393
Income (loss) before income taxes	(1,144,489)	(393,792)
Income tax provision	-	-
Net income (loss)	**$ (1,144,489)**	**$ (393,792)**
Income (loss) per share:		
Basic and diluted	(0.10)	(0.04)
Weighted average number of common shares outstanding:		
Basic and diluted	11,362,736	9,450,900

See accompanying notes to unaudited consolidated financial statements.

Yoshiharu Global Co.

Unaudited Consolidated Statements of Stockholders' Equity (Deficit)

	Class A Shares		Class B Shares		Additional Paid-In Capital	Stock Subscription Receivable	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2022	**11,940,900**	**$ 1,194**	**1,000,000**	**$ 100**	**$ 11,936,958**	**$ -**	**$ (6,300,409)**	**$ 5,637,843**
Net loss	-	-	-	-	-	-	(1,144,489)	(1,144,489)
Balance at March 31, 2023 (unaudited)	**9,450,900**	**$ 1,194**	**1,000,000**	**$ 100**	**$ 11,936,958**	**$ -**	**$ (7,444,898)**	**$ 4,493,354**

	Class A Shares		Class B Shares		Additional Paid-In Capital	Stock Subscription Receivable	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	**9,450,900**	**$ 946**	**-**	**$ -**	**$ 553,456**	**$ (60,000)**	**$ (2,813,042)**	**$ (2,318,640)**
Payments received for prior year subscription	-	-	-	-	-	60,000	-	60,000
Net loss	-	-	-	-	-	-	(393,792)	(393,792)
Balance at March 31, 2022 (unaudited)	**9,450,900**	**$ 946**	**-**	**$ -**	**$ 553,456**	**$ -**	**$ (3,206,834)**	**$ (2,652,432)**

See accompanying notes to unaudited consolidated financial statements.

Yoshiharu Global Co.

Unaudited Consolidated Statements of Cash Flows

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Cash flows from operating activities:		
Net loss	$ (1,144,489)	$ (393,792)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	128,270	385,117
PPP loan forgiveness	-	(385,900)
Changes in assets and liabilities:		
Inventories	6,337	1,128
Other assets	(709,109)	(15,874)
Accounts payable and accrued expenses	41,684	(99,545)
Due to related party	(155,753)	67,706
Other payables	64,258	65,700
Net cash used in operating activities	(1,768,802)	(375,460)
Cash flows from investing activities:		
Purchases of property and equipment	(938,984)	(188,829)
Net cash used in investing activities	(938,984)	(188,829)
Cash flows from financing activities:		
Advance from line of credit	500,000	-
Proceeds from borrowings	-	140,000
Repayments on bank notes payables	(87,215)	(140,097)
Proceeds from sale of common shares	-	60,000
Net cash provided by financing activities	412,785	59,903
Net decrease in cash	(2,295,001)	(504,386)
Cash – beginning of period	6,509,121	1,087,102
Cash – end of period	**$ 4,214,120**	**$ 582,716**
Supplemental disclosures of non-cash financing activities:		
Forgiveness of paycheck protection program (PPP) loan	$ -	$ 385,900
Supplemental disclosures of cash flow information		
Cash paid during the periods for:		
Interest	$ 61,137	$ 23,607
Income taxes	$ -	$ -

See accompanying notes to unaudited consolidated financial statements.

YOSHIHARU GLOBAL CO.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Yoshiharu Global Co. (“Yoshiharu”) was incorporated in the State of Delaware on December 9, 2021. Yoshiharu did not have significant transactions since formation. Yoshiharu has the following wholly owned subsidiaries:

Name	Date of Formation	Description of Business
Global JJ Group, Inc. (“JJ”)	January 8, 2015	Ramen stores located in Orange, California and Buena Park, California.
Global AA Group, Inc. (“AA”)	July 21, 2016	Ramen store located in Whittier, California.
Global BB Group, Inc. (“BB”)	May 19, 2017	Ramen store located in Chino Hills, California.
Global CC Group, Inc. (“CC”)	September 23, 2019	Ramen stores located in Eastvale, California and Corona, California.
Global DD Group, Inc. (“DD”)	December 19, 2019	Ramen store located in la Mirada, California.
Yoshiharu Irvine (“YI”)	December 4, 2020	Ramen store located in Irvine, California.
Yoshiharu Cerritos (“YC”)	January 21, 2021	Ramen store located in Cerritos, California.
Yoshiharu Clemente (“YCT”)	May 2, 2022	Ramen store to be opened in San Clemente, California.
Yoshiharu Laguna (“YL”)	May 2, 2022	Ramen store to be opened in Laguna, California.
Yoshiharu Ontario (“YO”)	May 2, 2022	Ramen store to be opened in Ontario, California.
Yoshiharu Menifee (“YM”)	May 2, 2022	Ramen store to be opened in Menifee, California.
Yoshiharu Cypress (“YCP”)	January 26, 2023	Ramen store to be opened in Cypress, California.

The Company owns several restaurants specializing in Japanese ramen and other Japanese cuisines. The Company offers a variety of Japanese ramens, rice bowls, and appetizers. Unless otherwise stated or the context otherwise requires, the terms “Yoshiharu” “we,” “us,” “our” and the “Company” refer collectively to Yoshiharu and, where appropriate, its subsidiaries.

Prior to September 30, 2021, the Yoshiharu business (the “Business”) consisted of the first seven separate entities listed above (collectively, the “Entities”), each wholly owned by James Chae (“Mr. Chae”), and each holding one (1) store, except for JJ, which held two stores and the Business’s intellectual property (the “IP”). Effective October 2021, JJ transferred the IP to Mr. Chae. Effective October 2021, Mr. Chae contributed 100% of the equity interests in each of the Entities to Yoshiharu Holdings Co., a California corporation (“Holdings”), for purposes of consolidating the Business operations into a single entity. Mr. Chae was issued an aggregate 3,205,000 shares in Holdings, which reflected the aggregate number of shares originally issued to Mr. Chae by the Entities, in exchange for 100% of each Entity (on a 1 for 1 share exchange basis). In addition, effective October 2021, Mr. Chae transferred the IP to Holdings in exchange for the issuance of 6,245,900 shares in Holdings in order to bring his total shareholdings in Holdings up to an aggregate 9,450,900 shares.

On December 9, 2021, Yoshiharu completed a share exchange agreement whereby Mr. Chae, the sole stockholder of Holdings, received 9,450,900 shares of Yoshiharu, representing 100% of issued shares at that time, and Yoshiharu received all of the shares of Holdings. This recapitalization was accounted for in accordance with the “Transactions Between Entities Under Common Control” subsections of Accounting Standards Codification (“ASC”) 805-50, Business Combinations, which requires that the receiving entity recognize the net assets received at their historical carrying amounts. A common-control transaction has no effect on the parent’s consolidated financial statements. No value was ascribed to the shares issued for the transfer of the IP since the only relevance of the aggregate number of shares issued to Mr. Chae in Holdings was to effect the 1 for 1 share exchange with Yoshiharu upon its incorporation in Delaware. ASC 805-50 also prescribes that, if the recognition of the net assets results in a “change in the reporting entity,” the receiving entity presents the transfer in its separate financial statements retrospectively. Accordingly, the assets and liabilities and the historical operations that are reflected in these consolidated financial statements are those of the subsidiaries and are recorded at the historical cost basis of the subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as promulgated in the United States of America. The consolidated financial statements include Yoshiharu and its wholly owned subsidiaries instead in Note 1 above as of March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022. All intercompany accounts, transactions, and profits have been eliminated upon consolidation.

Initial Public Offering

In September 2022, the Company consummated its initial public offering (the "IPO") of 2,940,000 shares of its class A common stock at a public offering price of $4.00 per share, generating gross proceeds of $11,760,000. Net proceeds from the IPO were approximately $10.3 million after deducting underwriting discounts and commissions and other offering expenses of approximately $1.5 million.

The Company granted the underwriters a 45-day option to purchase up to 441,000 additional shares (equal to 15% of the shares of class A common stock sold in the IPO) to cover over-allotments, if any, which the underwriters did not exercise. In addition, the Company issued to the representative of the underwriters warrants to purchase a number of shares of class A common stock equal to 5.0% of the aggregate number of shares of Class A common stock sold in the IPO (including shares of Class A common stock sold upon exercise of the over-allotment option). The representative's warrants will be exercisable at any time and from time to time, in whole or in part, during the four-and-½-year period commencing six months from the date of commencement of the sales of the shares of Class A common stock in connection with the IPO, at an initial exercise price per share of $5.00 (equal to 125% of the initial public offering price per share of class A common stock). No representative's warrants have been exercised.

On September 9, 2022, the Company's stock began trading on the Nasdaq Capital Market under the symbol "YOSH."

Deferred Offering Costs

Deferred offering costs were expenses directly related to the IPO. These costs consisted of legal, accounting, printing, and filing fees. The deferred offering costs were offset against the IPO proceeds in September 2022 and were reclassified to additional paid-in capital upon completion of the IPO.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and the accompanying notes. Such estimates include accounts receivables, accrued liabilities, income taxes, long-lived assets, and deferred tax valuation allowances. These estimates generally involve complex issues and require management to make judgments, involve analysis of historical and future trends that can require extended periods of time to resolve, and are subject to change from period to period. In all cases, actual results could differ materially from estimates.

Marketing

Marketing costs are charged to expense as incurred. Marketing costs were approximately $26,342 and $35,666 for the three months period ended March 31, 2023 and 2022, respectively, and are included in general expenses in the accompanying consolidated statements of income.

Delivery Fees Charged by Delivery Service Providers

The Company's customers may order online through third party service providers such as Uber Eats, Door Dash, and others. These third-party service providers charge delivery and order fees to the Company. Such fees are expensed when incurred. Delivery fees are included in delivery and service fees in the accompanying consolidated statements of operations.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, Revenue from Contracts with Customers. The Company's net revenue primarily consists of revenues from food and beverage sales. Revenues from the sale of food items by Company-owned restaurants are recognized as Company sales when a customer receives the food that they purchased, which is when our obligation to perform is satisfied. The timing and amount of revenue recognized related to Company sales was not impacted by the adoption of ASC 606.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories, which are stated at the lower of cost or net realizable value, consist primarily of perishable food items and supplies. Cost is determined using the first-in, first out method.

Segment Reporting

ASC 280, Segment Reporting, requires public companies to report financial and descriptive information about their reportable operating segments. The Company identifies its operating segments based on how executive decision makers internally evaluates separate financial information, business activities and management responsibility. Accordingly, the Company has one reportable segment, consisting of operating its stores.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Major improvements are capitalized, and minor replacements, maintenance and repairs are charged to expense as incurred. Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated useful life or the lease term of the related asset. The estimated useful lives are as follows:

Furniture and equipment	5 to 7 years
Leasehold improvements	Shorter of estimated useful life or term of lease
Vehicle	5 years

Income Taxes

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company had no unrecognized tax benefits identified or recorded as liabilities as of March 31, 2023.

Impairment of Long-Lived Assets

When circumstances, such as adverse market conditions, indicate that the carrying value of a long-lived asset may be impaired, the Company performs an analysis to review the recoverability of the asset's carrying value, which includes estimating the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable and other receivables arising from its normal business activities. The Company has a diversified customer base. The Company controls credit risk related to accounts receivable through credit approvals, credit limits and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for un-collectible accounts and, as a consequence, believes that its accounts receivable related credit risk exposure beyond such allowance is limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Company utilizes ASC 820-10, Fair Value Measurement and Disclosure, for valuing financial assets and liabilities measured on a recurring basis. Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability. The guidance establishes three levels of inputs that may be used to measure fair value:

Level 1. Observable inputs such as quoted prices in active markets;
Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company's financial instruments consisted of cash, operating lease right-of-use assets, net, accounts payable and accrued expenses, notes payables, and operating lease liabilities. The estimated fair value of cash, operating lease right-of-use assets, net, and notes payables approximate its carrying amount due to the short maturity of these instruments.

Leases

In accordance with ASC 842, Leases, the Company determines whether an arrangement contains a lease at inception. A lease is a contract that provides the right to control an identified asset for a period of time in exchange for consideration. For identified leases, the Company determines whether it should be classified as an operating or finance lease. Operating leases are recorded in the balance sheet as: right-of-use asset ("ROU asset") and operating lease liability. An ROU asset represents the Company's right to use an underlying asset for the lease term and an operating lease liability represents the Company's obligation to make lease payments arising from the lease. ROU assets and operating lease liabilities are recognized at the commencement date of the lease and measured based on the present value of lease payments over the lease term. The ROU asset also includes deferred rent liabilities. The Company's lease arrangements generally do not provide an implicit interest rate. As a result, in such situations the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company includes options to extend or terminate the lease when it is reasonably certain that it will exercise that option in the measurement of its ROU asset and operating lease liability. Lease expense for the operating lease is recognized on a straight-line basis over the lease term. The Company has a lease agreement with lease and non-lease components, which are accounted for as a single lease component.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases. ASU 2016-02 also requires new qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company evaluated ASU 2016-02 and adopted this guidance as of January 1, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In July 2018, the FASB issued ASU No. 2018-10, "Codification Improvements to Topic 842, Leases" ("ASU 2018-10"). The amendments in ASU 2018-10 provide additional clarification and implementation guidance on certain aspects of the previously issued ASU 2016-02 and have the same effective and transition requirements as ASU 2016-02. ASU 2018-10 supersedes the current lease guidance in ASC Topic 840, Leases. Under the new guidance, lessees are required to recognize for all leases, with the exception of short-term leases, a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis. Concurrently, lessees are required to recognize a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2018-10 is effective for emerging growth companies for interim and annual reporting periods beginning after December 15, 2019, with early adoption permitted. The guidance is required to be applied using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative periods presented in the financial statements. The Company adopted this guidance as of January 1, 2019.

In July 2018, the FASB issued ASU No. 2018-11, "Leases (Topic 842): Targeted Improvements," ("ASU 2018-11"). The amendments in ASU 2018-11 related to transition relief on comparative reporting at adoption affect all entities with lease contracts that choose the additional transition method and separating components of a contract affect only lessors whose lease contracts qualify for the practical expedient. The amendments in ASU 2018-11 are effective for emerging growth companies for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company adopted this guidance as of January 1, 2019.

In March 2019, the FASB issued ASU 2019-01, "Leases (Topic 842): Codification Improvements" ("Topic 842") ("ASU 2019-01"). These amendments align the guidance for fair value of the underlying asset by lessors that are not manufacturers or dealers in Topic 842 with that of existing guidance. As a result, the fair value of the underlying asset at lease commencement is its cost, reflecting any volume or trade discounts that may apply. However, if there has been a significant lapse of time between when the underlying asset is acquired and when the lease commences, the definition of fair value (in Topic 820, Fair Value Measurement) should be applied (Issue 1). ASU 2019-01 also requires lessors within the scope of Topic 942, Financial Services—Depository and Lending, to present all "principal payments received under leases" within investing activities (Issue 2). Finally, the ASU exempts both lessees and lessors from having to provide certain interim disclosures in the fiscal year in which a company adopts the new leases standard (Issue 3). The transition and effective date provisions apply to Issue 1 and Issue 2. They do not apply to Issue 3 because the amendments for that Issue are to the original transition requirements in Topic 842. This amendment is for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company evaluated ASU 2019-01 and adopted this guidance as of January 1, 2019.

COVID-19 Impact on Concentration of Risk

The novel coronavirus ("COVID-19") pandemic has significantly impacted health and economic conditions throughout the United States and globally, as public concern about becoming ill with the virus has led to the issuance of recommendations and/or mandates from federal, state and local authorities to practice social distancing or self-quarantine. The Company is continually monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, and its impact on operations, financial position, cash flows, inventory, supply chains, purchasing trends, customer payments, and the industry in general, in addition to the impact on its employees. We have experienced significant disruptions to our business due to the COVID-19 pandemic and related suggested and mandated social distancing and shelter-in-place orders.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

		March 31, 2023		December 31, 2022
Leasehold Improvement	$	3,929,160	$	3,533,609
Furniture and equipment		875,614		639,424
Vehicle		469,064		161,821
Total property and equipment		5,273,838		4,334,854
Accumulated depreciation		(1,034,696)		(1,176,426)
Total property and equipment, net	**$**	**3,969,142**	**$**	**3,158,428**

Total depreciation was $128,270 and $658,371 for the three month period ended March 31, 2023 and for the year ended December 31, 2022, respectively.

4. LINE OF CREDIT

The Company has a $1,000,000 bank line of credit. The line bears a fixed interest rate at 5.50% per annum. It is secured by a $1,000,000 certificate of deposit at the same bank. The line of credit expires in December 2023 and it is management's intention to renew the facility. The Company is in compliance with certain non-financial covenants imposed by the line of credit agreement. At March 31, 2023 and December 31,2022, the outstanding balance was $800,000 and $300,000, respectively.

5. BANK NOTES PAYABLES

		March 31, 2023		December 31, 2022
September 22, 2017 ($250,000) - AA	$	135,789	$	141,684
November 27, 2018 ($780,000) - JJ		414,621		441,735
February 13, 2020 ($255,000) - CC		191,089		197,700
September 14, 2021 ($197,000) - CC		134,681		138,778
September 15, 2021 ($199,000) - DD		175,467		178,905
April 22, 2022 ($195,000) - Cerritos		183,742		187,284
Total bank notes payables		1,235,389		1,286,086
Less - current portion		(270,690)		(265,943)
Total bank notes payables, less current portion	**$**	**964,699**	**$**	**1,020,143**

The following table provides future minimum payments as of March 31, 2023:

For the years ended		*Amount*
2023 (remaining nine months)	$	203,018
2024		270,690
2025		257,733
2026		115,207
2027		107,664
Thereafter		281,077
Total	**$**	**1,235,389**

September 22, 2017 – $250,000 – Global AA Group, Inc.

On September 22, 2017, Global AA Group, Inc. (the "AA") executed the standard loan documents required for securing a loan of $250,000 from the U.S. Small Business Administration (the "SBA"), with proceeds to be used for working capital purposes. As of March 31, 2023 and December 31, 2022, the balance of the loan is $135,789 and $141,684, respectively.

5. BANK NOTES PAYABLES (Continued)

Pursuant to that certain Loan Authorization and Agreement, interest accrues at a variable rate that is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal per annum and will accrue only on funds actually advanced from the date of each advance. The loan requires a payment of $3,092.90 per month which includes principal and interest with an interest rate of 10.00% per year. The balance of principal and interest is payable on September 22, 2027.

November 27, 2018 – $780,000 – Global JJ Group, Inc.

On November 27, 2018, Global JJ Group, Inc. (the "JJ") executed the standard loan documents required for securing a loan of $780,000 from the SBA, with proceeds to be used for working capital purposes. As of March 31, 2023 and December 31, 2022, the balance of the loan is $414,621and $441,735, respectively.

Pursuant to that certain Loan Authorization and Agreement, interest accrues at a variable rate that is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal per annum and will accrue only on funds actually advanced from the date of each advance. The loan requires a payment of $11,818.08 per month which includes principal and interest with an initial interest rate of 7.000% per year. The balance of principal and interest is payable on December 1, 2025.

February 13, 2020 – $255,000 – Global CC Group, Inc.

On February 13, 2020, Global CC Group, Inc. (the "CC") executed the standard loan documents required for securing a loan of $255,000 from the SBA, with proceeds to be used for working capital purposes. As of March 31, 2023 and December 31, 2022, the balance of the loan is $191,089 and $197,700, respectively.

Pursuant to that certain Loan Authorization and Agreement, interest accrues at a variable rate that is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal per annum and will accrue only on funds actually advanced from the date of each advance. The loan requires a payment of $3,174.86 per month which includes principal and interest with an initial interest rate of 9.75%. The balance of principal and interest is payable on February 13, 2030.

September 14, 2021 – $197,000 – Global CC Group, Inc.

On September 14, 2021, the CC executed the standard loan documents required for securing a loan of $197,000 from the SBA, with proceeds to be used for working capital purposes. As of March 31, 2023 and December 31, 2022, the balance of the loan is $134,681 and $138,778, respectively.

Pursuant to that certain Loan Authorization and Agreement, interest accrues at a variable rate that is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal per annum and will accrue only on funds actually advanced from the date of each advance. The loan requires a payment of $2,382.96 per month which includes principal and interest with an initial interest rate of 9.50%. The balance of principal and interest is payable on September 14, 2031.

As of March 31, 2023, the CC has received $159,000 of the $197,000.

5. BANK NOTES PAYABLES (Continued)

September 15, 2021– $199,000 – Global DD Group, Inc.

On September 15, 2021, Global DD Group, Inc. (the "DD") executed the standard loan documents required for securing a loan of $199,000 from the SBA, with proceeds to be used for working capital. As of March 31, 2023 and December 31, 2022, the balance of the loan is $175,467 and $178,905, respectively.

Pursuant to that certain Loan Authorization and Agreement, interest accrues at a variable rate that is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal per annum and will accrue only on funds actually advanced from the date of each advance. The loan requires a payment of $2,501.51 per month which includes principal and interest with an initial interest rate of 9.50%. The balance of principal and interest is payable on September 15, 2031.

As of March 31, 2023, DD has received $197,000 of the $199,000.

April 22, 2022– $195,000 – Yoshiharu Cerritos

On April 22, 2022, Yoshiharu Cerritos (the "YC") executed the standard loan documents required for securing a loan of $195,000 from the SBA, with proceeds to be used for working capital purposes. As of March 31, 2023 and December 31, 2022, the balance of the loan is $183,742 and $187,284, respectively.

Pursuant to that certain Loan Authorization and Agreement, interest accrues at a variable rate that is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal per annum and will accrue only on funds actually advanced from the date of each advance. The loan requires a payment of $2,500.91 per month which includes principal and interest with an initial interest rate of 9.50%. The balance of principal and interest is payable on April 22, 2032.

6. LOAN PAYABLES, PPP

February 16, 2021 – $131,600 – Global AA Group, Inc.

On February 16, 2021, Global AA Group, Inc. (the "AA") executed the standard loan documents required for securing a Paycheck Protection Program Loan (the "AA PPP Loan") of $131,600 from the SBA under its Paycheck Protection Program (the "PPP") in light of the impact of the COVID-19 pandemic on the AA's business.

The AA PPP Loan is administered by the SBA. The interest rate of the loan is 1.00% per annum and accrues on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 365 days. Commencing ten months after the effective date of the AA PPP Loan, the Company is required to pay the Lender equal monthly payments of principal and interest as required to fully amortize any unforgiven principal balance of the loan by the five-year anniversary of the effective date of the AA PPP Loan. The AA PPP Loan contains customary events of default relating to, among other things, payment defaults, making materially false or misleading representations to the SBA or the Lender, or breaching the terms of the PPP Loan. The occurrence of an event of default may result in the repayment of all amounts outstanding under the AA PPP Loan, collection of all amounts owing from the Company, or filing suit and obtaining judgment against the Company. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. Recent modifications to the PPP by the U.S. Treasury and Congress have extended the time period for loan forgiveness beyond the original eight-week period, making it possible for the Company to apply for forgiveness of its PPP loans.

On February 1, 2022, $131,600 in principal and $1,262 in interest was forgiven by the SBA.

February 16, 2021 – $166,700 – Global JJ Group, Inc.

On February 16, 2021, Global JJ Group, Inc. (the "JJ") executed the standard loan documents required for securing a PPP loan (the "JJ PPP Loan") of $166,700 from the SBA in light of the impact of the COVID-19 pandemic on the JJ's business.

6. LOAN PAYABLES, PPP (Continued)

The JJ PPP Loan is administered by the SBA. The interest rate of the loan is 1.00% per annum and accrues on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 365 days. Commencing ten months after the effective date of the JJ PPP Loan, the Company is required to pay the Lender equal monthly payments of principal and interest as required to fully amortize any unforgiven principal balance of the loan by the five-year anniversary of the effective date of the JJ PPP Loan. The JJ PPP Loan contains customary events of default relating to, among other things, payment defaults, making materially false or misleading representations to the SBA or the Lender, or breaching the terms of the JJ PPP Loan. The occurrence of an event of default may result in the repayment of all amounts outstanding under the JJ PPP Loan, collection of all amounts owing from the Company, or filing suit and obtaining judgment against the Company.

On February 9, 2022, $87,600 in principal and $859 in interest was forgiven by the SBA.

February 16, 2021 – $87,600 – Global BB Group, Inc.

On February 16, 2021, Global BB Group, Inc. (the “BB”) executed the standard loan documents required for securing a PPP loan (the “BB PPP Loan”) of $87,600 from the SBA in light of the impact of the COVID-19 pandemic on the BB’s business.

The BB PPP Loan is administered by the SBA. The interest rate of the loan is 1.00% per annum and accrues on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 365 days. Commencing ten months after the effective date of the BB PPP Loan, the Company is required to pay the Lender equal monthly payments of principal and interest as required to fully amortize any unforgiven principal balance of the loan by the five-year anniversary of the effective date of the BB PPP Loan. The BB PPP Loan contains customary events of default relating to, among other things, payment defaults, making materially false or misleading representations to the SBA or the Lender, or breaching the terms of the BB PPP Loan. The occurrence of an event of default may result in the repayment of all amounts outstanding under the BB PPP Loan, collection of all amounts owing from the Company, or filing suit and obtaining judgment against the Company.

On February 24, 2022, $166,700 in principal and $1,704 in interest was forgiven by the SBA.

7. LOAN PAYABLES, EIDL

	March 31, 2023	December 31, 2022
June 13, 2020 ($150,000 - EIDL) - AA	$ 137,992	$ 150,000
June 13, 2020 ($150,000 - EIDL) - BB	137,992	150,000
July 15, 2020 ($150,000 - EIDL) - JJ	137,992	150,000
Total loans payables, EIDL	413,482	450,000
Less - current portion	(10,892)	(39,652)
Total loans payables, EIDL, less current portion	**$ 402,590**	**$ 410,348**

The following table provides future minimum payments as of March 31, 2023:

For the years ended	***Amount***
2023 (remaining nine months)	$ 7,013
2024	15,516
2025	15,516
2026	15,516
2027	15,516
Thereafter	344,405
Total	**$ 413,482**

June 13, 2020 – $150,000 – Global AA Group, Inc.

On June 13, 2020, Global AA Group, Inc. (the "AA") executed the standard loan documents required for securing a loan (the "EIDL Loan") from the SBA under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on the AA's business.

Pursuant to that certain Loan Authorization and Agreement, the AA borrowed an aggregate principal amount of the AA EIDL Loan of $150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly since May 14, 2021 (twelve months from the date of the AA EIDL Loan) in the amount of $731. The balance of principal and interest is payable thirty years from the date of the AA EIDL Loan. In connection therewith, the AA also received a $10,000 grant, which does not have to be repaid.

In connection therewith, the AA executed (i) a loan for the benefit of the SBA, which contains customary events of default and (ii) a security agreement, granting the SBA a security interest in all tangible and intangible personal property of the AA, which also contains customary events of default.

As of March 31, 2023 and December 31, 2022, the balance of the loan is $137,992 and $150,000, respectively.

June 13, 2020 – $150,000 – Global BB Group, Inc.

On June 13, 2020, Global BB Group, Inc. (the "BB") executed the standard loan documents required for securing an EIDL loan (the "BB EIDL Loan") from the SBA in light of the impact of the COVID-19 pandemic on the BB's business.

7. LOAN PAYABLES, EIDL (Continued)

Pursuant to that certain Loan Authorization and Agreement, the BB borrowed an aggregate principal amount of the BB EIDL Loan of $150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly since May 14, 2021 (twelve months from the date of the BB EIDL Loan) in the amount of $731. The balance of principal and interest is payable thirty years from the date of the BB EIDL Loan. In connection therewith, the BB also received a $10,000 grant, which does not have to be repaid.

In connection therewith, the BB executed (i) a loan for the benefit of the SBA, which contains customary events of default and (ii) a security agreement, granting the SBA a security interest in all tangible and intangible personal property of the BB, which also contains customary events of default.

As of March 31, 2023 and December 31, 2022, the balance of the loan is $137,992 and $150,000, respectively.

July 15, 2020 – $150,000 – Global JJ Group, Inc.

On July 15, 2020, Global JJ Group, Inc. (the "JJ") executed the standard loan documents required for securing an EIDL loan (the "JJ EIDL Loan") from the SBA in light of the impact of the COVID-19 pandemic on the JJ's business.

Pursuant to that certain Loan Authorization and Agreement, the JJ borrowed an aggregate principal amount of the JJ EIDL Loan of $150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly since May 14, 2021 (twelve months from the date of the JJ EIDL Loan) in the amount of $731. The balance of principal and interest is payable thirty years from the date of the JJ EIDL Loan.

As of March 31, 2023 and December 31, 2022, the balance of the loan is $137,498 and $150,000, respectively.

8. RESTAURANT REVITALIZATION FUND

	March 31, 2023	December 31, 2022
June 1, 2021 (700,454 - Restaurant Revitalization Fund) - JJ	$ 700,454	$ 700,454
Total restaurant revitalization fund	$ 700,454	$ 700,454
Less - current portion	-	-
Total restaurant revitalization fund, less current portion	**$ 700,454**	**$ 700,454**

The following table provides future minimum payments as of March 31, 2023:

For the years ended	***Amount***
2023 (remaining nine months)	$ -
2024	700,454
2025	-
2026	-
2027	-
Thereafter	-
Total	**$ 700,454**

June 1, 2021 – $700,454 – Global JJ Group, Inc.

On June 1, 2021, Global JJ Group, Inc. (the "JJ") executed the documents required for securing a Restaurant Revitalization Fund (the "RRF Loan") of $700,454 from the SBA under the American Rescue Plan Act in light of the impact of the COVID-19 pandemic on the JJ's business.

The RRF Loan is administered by the SBA. The interest rate of the RRF Loan is 0.00% per annum and accrues on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 365 days. No later than March 11, 2023 (the "Maturity Date"), the Company is required to pay the Lender any unused funds as well as any funds used for non-eligible expenses. The RRF Loan contains customary events of default relating to, among other things, payment defaults, making materially false or misleading representations to the SBA or the Lender, or breaching the terms of the RRF Loan. The occurrence of an event of default may result in the repayment of all amounts outstanding under the RRF Loan, collection of all amounts owing from the Company, or filing suit and obtaining judgment against the Company. Under the terms of the American Rescue Plan Act, RRF loan recipients can apply for and be granted forgiveness for all or a portion of the funds granted. Such forgiveness will be determined, subject to limitations, based on the use of the loan proceeds for payments of payroll costs, business mortgage obligation, rent, debt, utility, maintenance, construction of outdoor seating, supplies, food and beverage, supplier costs, and other business operating expenses.

As of March 31, 2023, none of the notes payables, loans payables, and RRF loan noted above are in default.

9. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

- ***Due to related party*** – From time to time, the Company loaned money to APIIS Financial Group, a company owned by James Chae, who is also the majority stockholder and CEO of the Company. The balance is non-interest bearing and due on demand. As of March 31, 2023 and December 31, 2022, the balance was $16,967 and $172,720, respectively.

- ***Related party compensation*** - For the three months ended March 31, 2023 and 2022, the compensation to James Chae was $112,048 and $0, respectively.

- ***Combination of Entities Under Common Control -*** Effective October 2021, JJ transferred IP assets to James Chae, and then Mr. Chae contributed 100% of the equity interests in each of the Entities (as defined in Note 1 above) to Yoshiharu Holdings Co., a California corporation ("Holdings"), for purposes of consolidating the Business operations into a single entity. Mr. Chae was issued an aggregate 3,205,000 shares in Holdings, which reflected the aggregate number of shares originally issued to Mr. Chae by the Entities, in exchange for 100% of each Entity (on a 1 for 1 share exchange basis). In addition, effective October 2021, Mr. Chae transferred the IP to Holdings in exchange for the issuance of 6,245,900 shares in Holdings in order to bring his total shareholdings in Holdings up to an aggregate 9,450,900 shares. On December 9, 2021, the Company's sole director at the time, James Chae, approved (a) a share exchange agreement whereby Mr. Chae, as the sole stockholder of Holdings, received 9,450,900 shares of Yoshiharu, representing 100% of issued shares at that time, and Yoshiharu received all of the shares of Holdings, and (b) the redemption of 670,000 shares of Yoshiharu's class A common stock from Mr. Chae whereby Yoshiharu would repurchase such shares from Mr. Chae at par value.

- ***Private Placement -*** In December 2021, the Company received subscriptions for the sale of 670,000 shares of class A common stock to investors for $2.00 per share, for total expected proceeds of $1,340,000. Many of these investors are friends and family of James Chae. As of March 31, 2022, the Company had received $1,340,000 of the expected proceeds.

- ***Exchange class A common stock for class B common stock -*** Immediately prior to the IPO in September 2022, the Company exchanged 1,000,000 shares of class A common stock held by James Chae into 1,000,000 shares of class B common stock.

10. COMMITMENTS AND CONTINGENCIES

Commitments

Operating lease right-of-use ("ROU") assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Generally, the implicit rate of interest in arrangements is not readily determinable and the Company utilizes its incremental borrowing rate in determining the present value of lease payments. The Company's incremental borrowing rate is a hypothetical rate based on its understanding of what its credit rating would be. The operating lease ROU asset includes any lease payments made and excludes lease incentives. Our variable lease payments primarily consist of maintenance and other operating expenses from our real estate leases. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components. The Company has elected to account for these lease and non-lease components as a single lease component.

In accordance with ASC 842, the components of lease expense were as follows:

	March 31,	
For the three months ended	***2023***	***2022***
Operating lease expense	$ 231,970	$ 143,561
Total lease expense	$ 231,970	$ 143,561

In accordance with ASC 842, other information related to leases was as follows:

For the three months ended	***2023***	***2022***
Operating cash flows from operating leases	$ 178,693	$ 113,574
Cash paid for amounts included in the measurement of lease liabilities	$ 178,693	$ 113,574
Weighted-average remaining lease term—operating leases		8.7 Years
Weighted-average discount rate—operating leases		7%

Year ending:	**Operating Lease**
2023 (remaining nine months)	$ 647,615
2024	893,761
2025	923,862
2026	919,143
2027	882,733
Thereafter	4,294,398
Total undiscounted cash flows	$ 8,561,512
Reconciliation of lease liabilities:	
Weighted-average remaining lease terms	8.7 Years
Weighted-average discount rate	7%
Present values	$ 6,626,267
Lease liabilities—current	518,574
Lease liabilities—long-term	6,107,693
Lease liabilities—total	$ 6,626,267
Difference between undiscounted and discounted cash flows	$ 1,935,245

11. STOCKHOLDERS' EQUITY

Class A Common Stock

The Company has authorization to issue and have outstanding at any one time 49,000,000 shares of class A common stock with a par value of $0.0001 per share. Each share of class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally.

See Note 1 and Note 8 above for details regarding the issuance and redemption of shares of the Company's class A common stock to and from James Chae, the Company's majority stockholder, in December 2021.

In December 2021, the Company received subscriptions for the sale of 670,000 shares of class A common stock to investors for $2.00 per share, for total expected proceeds of $1,340,000. As of March 31, 2022, the Company had received $1,340,000 of the expected proceeds.

In September 2022, the Company consummated its initial public offering (the "IPO") of 2,940,000 shares of its class A common stock at a public offering price of $4.00 per share, generating gross proceeds of $11,760,000. Net proceeds from the IPO was approximately $10.3 million after deducting underwriting discounts and commissions and other offering expenses of approximately $1.5 million.

Immediately prior to the IPO, the Company issued 549,100 shares of class A common stock as compensation to directors and consultants. The Company has accrued approximately $1.1 million of compensation expense at December 31, 2021 for the 549,100 shares at $2.00 per share, which the Company's board of directors determined to reflect the then current fair market value of the Company's Class A common stock. Upon the issuance of the 549,100 shares, the accrued liability was adjusted to additional paid-in-capital.

The Company also granted the underwriters a 45-day option to purchase up to 441,000 additional shares (equal to 15% of the shares of class A common stock sold in the IPO) to cover over-allotments, if any, which the underwriters did not exercise. In addition, the Company issued to the representative of the underwriters warrants to purchase a number of shares of class A common stock equal to 5.0% of the aggregate number of shares of Class A common stock sold in the IPO (including shares of Class A common stock sold upon exercise of the over-allotment option). The representative's warrants will be exercisable at any time and from time to time, in whole or in part, during the four-and-½-year period commencing six months from the date of commencement of the sales of the shares of Class A common stock in connection with the IPO, at an initial exercise price per share of $5.00 (equal to 125% of the initial public offering price per share of class A common stock). No representative's warrants have been exercised.

11. STOCKHOLDERS' EQUITY (DEFICIT) (Continued)

Class B Common Stock

The Company has authorization to issue and have outstanding at any one time 1,000,000 shares of Class B common stock with a par value of $0.0001 per share. The holders of class B common stock are entitled to 10 votes per share, and to vote together as a single class with holders of class A common stock with respect to any question or matter upon which holders of class A common stock have the right to vote, unless otherwise required by applicable law or our amended and restated certificate of incorporation.

The holders of class B common stock are entitled to dividends as declared by the Company's Board of Directors from time to time at the same rate per share as the class A common stock.

The holders of the class B common stock have the following conversion rights with respect to the class B common stock into shares of class A common stock:

- all of the shares of class B common stock will automatically convert into class A common stock on a one-for-one basis upon the earlier of (A) the date such shares cease to be beneficially owned by James Chae and (B) 5:00 p.m. Pacific Time on the date that James Chae ceases to beneficially own at least 25% of the voting power of all the outstanding shares of capital stock of the Company; and

- at the election of the holder of class B common stock, any share of class B common stock may be voluntarily converted into one share of class A common stock.

Immediately prior to the IPO in September 2022, the Company exchanged 1,000,000 shares of class A common stock held by James Chae into 1,000,000 shares of class B common stock.

12. EARNINGS PER SHARE

The Company calculates earnings per share in accordance with FASB ASC 260, Earnings Per Share, which requires a dual presentation of basic and diluted earnings per share. Basic earnings per share are computed using the weighted average number of shares outstanding during the fiscal year. The Company did not have any dilutive common shares for the three months ended March 31, 2023 and 2022.

13. SUBSEQUENT EVENTS

The Company evaluated all events or transactions that occurred after March 31, 2023 up through the date the unaudited consolidated financial statements were available to be issued. During this period, the Company did not have any material recognizable subsequent events required to be disclosed as of and for the three-month period ended March 31, 2023 .

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Prospectus on Form S-1 (File No. 333-262330). As discussed in the section titled "Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" in our Prospectus filed on Form S-1.

Overview of Yoshiharu

Yoshiharu is a fast-growing Japanese restaurant operator and was borne 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 our 2016 debut and has continued to expand our top-notch restaurant service across Southern California, currently owning and operating 8 restaurant stores with an additional 5 new restaurant stores under construction/development as of March 31, 2023.

We take pride in our warm, hearty, smooth, and rich bone broth, which is slowly boiled for over 12 hours. Customers can taste and experience supreme quality and deep flavors. Combining the broth with the fresh, savory, and highest-quality ingredients, Yoshiharu serves the perfect, ideal ramen, as well as offers customers a wide variety of sushi rolls, bento menu and other favorite Japanese cuisine. Our acclaimed signature Tonkotsu Black Ramen has become a customer favorite with its slow cooked pork bone broth and freshly made, tender chashu (braised pork belly).

Our mission is to bring our Japanese ramen and cuisine to the mainstream, by providing a meal that customers find comforting. Since the inception of the business, we have been making our own ramen broth and other key ingredients such as pork chashu and flavored eggs from scratch, whereby upholding the quality and taste of our foods, including the signature texture and deep, rich flavor of our handcrafted broth. Moreover, we believe that slowly cooking the bone broth makes it high in collagen and rich in nutrients. Yoshiharu also strives to present food that is not only healthy, but also affordable. We feed, entertain and delight our customers, with our active kitchens and bustling dining rooms providing happy hours, student and senior discounts, and special holiday events. As a result of our vision, customers can comfortably enjoy our food in a friendly and welcoming atmosphere.

We operate in a large and rapidly growing market. We believe the consumer appetite for Asian cuisine is widespread across many demographics and grants us the opportunity to expand in both existing and new U.S. markets, as well as internationally.

Our Growth Strategies

Pursue New Restaurant Development.

We have pursued a disciplined new corporate owned growth strategy. Having expanded our concept and operating model across varying restaurant sizes and geographies, we plan to leverage our expertise opening new restaurants to fill in existing markets and expand into new geographies. While we currently aim to achieve in excess of 100% annual unit growth rate over the next three to five years, we cannot predict the time period of which we can achieve any level of restaurant growth or whether we will achieve this level of growth at all. Our ability to achieve new restaurant growth is impacted by a number of risks and uncertainties beyond our control, including but not limited to landlord delays; competition in existing and new markets, including competition for restaurant sites; and the lack of development and overall decrease in commercial real estate due to macroeconomic decline. We believe there is a significant opportunity to employ this strategy to open additional restaurants in our existing markets and in new markets with similar demographics and retail environments.

Deliver Consistent Comparable Restaurant Sales Growth.

We have achieved positive comparable restaurant sales growth in recent periods. We believe we will be able to generate future comparable restaurant sales growth by growing traffic through increased brand awareness, consistent delivery of a satisfying dining experience, new menu offerings, and restaurant renovations. We will continue to manage our menu and pricing as part of our overall strategy to drive traffic and increase average check. We are also exploring initiatives to grow sales of alcoholic beverages at our restaurants, including the potential of a larger format restaurant with a sake bar concept. In addition to the strategies stated above, we expect to initiate sales of franchises in 2023.

Increase Profitability.

We have invested in our infrastructure and personnel, which we believe positions us to continue to scale our business operations. As we continue to grow, we expect to drive higher profitability both at a restaurant-level and corporate-level by taking advantage of our increasing buying power with suppliers and leveraging our existing support infrastructure. Additionally, we believe we will be able to optimize labor costs at existing restaurants as our restaurant base matures and average revenues per restaurant increase. We believe that as our restaurant base grows, our general and administrative costs will increase at a slower rate than our sales.

Heighten Brand Awareness.

We intend to continue to pursue targeted local marketing efforts and plan to increase our investment in advertising. We also are exploring the development of instant ramen noodles which we would distribute through retail channels. We intend to explore partnerships with grocery retailers to provide small-format Yoshiharu kiosks in stores to promote a limited selection of Yoshiharu cuisine.

Experienced Management Team Dedicated to Growth.

Our team is led by experienced and passionate senior management who are committed to our mission. We are led by our Chief Executive Officer, James Chae. Mr. Chae founded Yoshiharu in 2016 and leads a team of talented professionals with deep financial, operational, culinary, and real estate experience.

Appointment of New Director

On February 17, 2023, the Company accepted independent director Helen Lee's formal resignation, effective immediately. Ms. Lee's decision to resign was not due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices (financial or otherwise). She was replaced on the same day by Ms. Harinne Kim who will fill her vacancy with a term expiring at our annual meeting of stockholders in 2023 or until her successor is duly elected and qualified or until her earlier resignation, removal or death.

Components of Our Results of Operations

Revenues. Revenues represent sales of food and beverages in restaurants. Restaurant sales in a given period are directly impacted by the number of restaurants we operate and comparable restaurant sales growth.

Food and beverage. Food and beverage costs are variable in nature, change with sales volume and are influenced by menu mix and subject to increases or decreases based on fluctuations in commodity costs. Other important factors causing fluctuations in food and beverage costs include seasonality and restaurant-level management of food waste. Food and beverage costs are a substantial expense and are expected to grow proportionally as our sales grow.

Labor. Labor includes all restaurant-level management and hourly labor costs, including wages, employee benefits and payroll taxes. Similar to the food and beverage costs that we incur, labor and related expenses are expected to grow proportionally as our sales increase. Factors that influence fluctuations in our labor and related expenses include minimum wage and payroll tax legislation, the frequency and severity of workers' compensation claims, healthcare costs and the performance of our restaurants.

Rent and utilities. Rent and utilities include rent for all restaurant locations and related taxes.

Depreciation and amortization expenses. Depreciation and amortization expenses are periodic non-cash charges that consist of depreciation of fixed assets, including equipment and capitalized leasehold improvements. Depreciation is determined using the straight-line method over the assets' estimated useful lives, ranging from three to ten years.

Delivery and service fees. The Company's customers may order online through third party service providers such as Uber Eats, Door Dash, Grubhub and others. These third-party service providers charge delivery and order fees to the Company.

General and administrative expenses. General and administrative expenses include expenses associated with corporate and regional supervision functions that support the operations of existing restaurants and development of new restaurants, including compensation and benefits, travel expenses, stock-based compensation expenses for corporate-level employees, legal and professional fees, marketing costs, information systems, corporate office rent and other related corporate costs. General and administrative expenses are expected to grow as our sales grows, including incremental legal, accounting, insurance and other expenses incurred as a public company.

Advertising and marketing expenses. Advertising and marketing expenses include expenses associated with marketing campaigns and periodic advertising. Advertising and marketing expenses are expected to grow leading up to the planned openings of restaurant locations and is expected to stabilize as an average by location as our sales grow.

Interest expense. Interest expense includes non-cash charges related to our capital lease obligations and bank notes payable.

Income tax provision (benefit). Provision for income taxes represents federal, state and local current and deferred income tax expense.

Results of Operations

Three and three months ended March 31, 2023 Compared to three and three months ended March 31, 2022

The following table presents selected comparative results of operations from our unaudited financial statements for the three and three months ended March 31, 2023 compared to three and three months ended March 31, 2022. Our financial results for these periods are not necessarily indicative of the financial results that we will achieve in future periods. Certain totals for the table below may not sum to 100% due to rounding.

	Three months ended March 31,		***Increase / (Decrease)***	
	2023	***2022***	***$***	***%***
Revenue	$ 2,479,574	$ 2,036,430	$ 443,144	21.8%
Restaurant operating expenses:				
Food, beverages and supplies	651,446	489,556	132,227	27.0%
Labor	1,138,067	1,085,426	52,641	4.8%
Rent and utilities	298,463	291,767	6,696	2.3%
Delivery and service fees	147,837	137,338	10,499	7.6%
Depreciation	128,270	385,117	(256,847)	-66.7%
Total restaurant operating expenses	2,364,083	2,389,204	(25,121)	-1.1%
Net restaurant operating income (loss)	115,491	(352,774)	468,265	-132.7%
General and administrative	1,060,453	369,745	690,708	186.8%
Compensation to related party	112,048	-	112,048	N/A
Advertising and marketing	26,342	35,666	(9,324)	-26.1%
Total operating expenses	1,198,843	405,411	793,432	195.7%
Loss from operations	(1,083,352)	(758,185)	(325,167)	42.9%
Other income (expense):				
PPP loan forgiveness	-	385,900	(385,900)	-100.0%
Other income	-	2,100	(2,100)	-100.0%
Interest	(61,137)	(23,607)	(37,530)	159.0%
Income (loss) before income taxes	(1,144,489)	(393,792)	(750,697)	190.6%
Income tax provision	-	-	-	N/A
Net income (loss)	**$ (1,144,489)**	**$ (393,792)**	**$ (750,697)**	**190.6%**

	Three months ended March 31,	
	2023	2022
	(as a percentage of revenues)	
Revenue	100.0%	100.0%
Restaurant operating expenses:		
Food, beverages and supplies	26.3%	24.0%
Labor	45.9%	53.3%
Rent and utilities	12.0%	14.3%
Delivery and service fees	6.0%	6.7%
Depreciation	5.2%	18.9%
Total restaurant operating expenses	95.3%	117.3%
Net operating restaurant operating income (loss)	4.7%	-17.3%
General and administrative	42.8%	18.2%
Compensation to related party	4.5%	0.0%
Advertising and marketing	1.1%	1.8%
Total operating expenses	48.3%	19.9%
Income (loss) from operations	-43.7%	-37.2%
Other income (expense):		
PPP loan forgiveness	0.0%	18.9%
Other income	0.0%	0.1%
Interest	-2.5%	-1.2%
Income (loss) before income taxes	-46.2%	-19.3%
Income tax provision	0.0%	0.0%
Net income (loss)	**-46.2%**	**-19.3%**

Revenues. Revenues were $2.5 million for the three months ended March 31, 2023 compared to $2.0 million for the three months ended March 31, 2022, representing an increase of approximately $0.5 million, or 21.8%. The increase in sales for the three-month period was partially driven by $0.2 million in sales for the period from one new restaurant opened in July 2022. The remainder of the increase of $0.3 million can be attributed to the increase in sales from the existing restaurants. The seven restaurant locations that were open through all of 2022 each experienced consistent sales growth in the current year. Combined average monthly sales for these locations increased 12% for the three-month period ended March 31, 2023 from the comparable period in the prior year.

Food, beverage and supplies. Food, beverage and supplies costs were approximately $651,000 for the three months ended March 31, 2023 compared to $490,000 for the three months ended March 31, 2022, representing an increase of approximately $161,000, or 33.1%. The increase in costs for the three-month period was primarily driven by increases in revenues from the new restaurant opened. As a percentage of sales, food, beverage and supply costs increased to 26.3% in the three months ended March 31, 2023 compared to 24.0% in the three months ended March 31, 2022. The increase in costs as a percentage of sales was primarily driven by the increases in general prices of ingredients.

Labor. Labor and related costs were approximately $1,138,000 for the three months ended March 31, 2023 compared to $1,085,000 for the three months ended March 31, 2022, representing an increase of approximately $53,000, or 4.8%. The increase in costs was largely driven by additional labor costs incurred with respect to a new restaurant opened. As a percentage of sales, labor and related costs decreased to 45.9% in the three months ended March 31, 2023 compared to 53.3% in the three months ended March 31, 2022. The decrease in costs as a percentage of sales was primarily driven by the management efforts to improve the efficiency of employees at the restaurant level, which has been supported by the back office managers.

Rent and utilities. Rent and utilities expenses were approximately $298,000 for the three months ended March 31, 2023 compared to $292,000 for the three months ended March 31, 2022, representing an increase of approximately $6,000, or 2.3%. The increase was primarily a result of additional occupancy expenses incurred with respect to a new restaurant opened. As a percentage of sales, rent and utilities expenses decreased to 12.0% in the three months ended March 31, 2023, compared to 14.3% for the three months ended March 31, 2022. The decrease in costs as a percentage of sales was primarily driven by the increases in sales volume from both existing restaurants and a new location.

Delivery and service fees. Delivery and service fees incurred were approximately $148,000 for the three months ended March 31, 2023 compared to $137,000 for the three months ended March 31, 2022, representing an increase of approximately $11,000 or 7.6%, primarily due to an increase in food sales via delivery during the comparable period. As a percentage of sales, delivery and service fees ratio for the three months ended March 31, 2023 was comparable to the ratio in the prior year due to comparable sales mix between the in-dining and take-out.

Depreciation and amortization expenses. Depreciation and amortization expenses incurred were approximately $128,000 for the three months ended March 31, 2023 compared to $385,000 for the three months ended March 31, 2022, representing a decrease of approximately $257,000, or 66.7%. The decrease was primarily due to the changes in estimated depreciable lives for existing restaurants during the three months ended March 31, 2022. As a result, the depreciation and amortization expenses as a percentage of sales decreased to 5.2% for the three months ended March 31, 2023 compared to 18.9% for the comparable period in the prior year.

General and administrative expenses. General and administrative expenses were approximately $1.1 million for the three months ended March 31, 2023 compared to $0.4 million for the three months ended March 31, 2022, representing an increase of approximately $0.7 million or 186.8%. This increase in general and administrative expenses was primarily due to the hiring of additional administrative employees, increases in professional services and corporate-level costs to support growth plans, and the construction/development of new restaurants. As a percentage of sales, general and administrative expenses increased to 42.8% in the three months ended March 31, 2023 from 18.2% in the three months ended March 31, 2022, primarily due to the significant increase in necessary corporate costs mentioned above outpacing the increase in sales.

Related party compensation: Compensation to James Chae was approximately $112,000 for the three months ended March 31, 2023 compared to $0 for the three months ended March 31, 2022, representing an increase of approximately $112,000. The employment contract was made with James Chae in November 2022 for the management of the Company. As a percentage of sales, related party compensation was 4.5% in the three months ended March 31, 2023.

Key Performance Indicators

In assessing the performance of our business, we consider a variety of financial and performance measures. The key measures for determining how our business is performing include sales, EBITDA, Adjusted EBITDA, Restaurant-level Operating Profit, Restaurant-level Operating Profit margin, Average Unit Volumes (“AUVs”), comparable restaurant sales performance, and the number of restaurant openings.

Revenue

Revenue represents sales of food and beverages in restaurants, as shown on our statements of income. Several factors affect our restaurant sales in any given period including the number of restaurants in operation, guest traffic and average check.

EBITDA and Adjusted EBITDA

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. We believe that EBITDA, and Adjusted EBITDA provide useful information to management and investors regarding certain financial and business trends relating to our 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 our GAAP financial results.

We believe 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 our 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 we may incur expenses similar to those excluded when calculating these measures. In addition, our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our 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. We compensate for these limitations by relying primarily on our 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 below and not rely on any single financial measure to evaluate our business.

The following table presents a reconciliation of net loss to EBITDA and Adjusted EBITDA:

	Three months ended March 31,	
	2023	2022
Net loss, as reported	$ (1,144,489)	$ (393,792)
Interest, net	61,137	23,609
Depreciation and amortization	128,270	385,117
EBITDA	(955,082)	14,934
PPP loan forgiveness (a)	-	(385,900)
Restaurants opening costs (b)	233,546	-
Adjusted EBITDA	$ (721,236)	$ (370,966)

(a) Represents income recorded upon the forgiveness of payroll protection loans from the SBA.
(b) Represents expenses incurred to secure the restaurant locations under development and costs to reserve back-office managers to manage those restaurants.

Restaurant-level Contribution and Restaurant-level Contribution Margin

Restaurant-level Contribution and Restaurant-level Contribution margin are intended as supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. We believe that Restaurant-level Contribution and Restaurant-level Contribution margin provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and operating results. We expect Restaurant-level Contribution to increase in proportion to the number of new restaurants we open and our comparable restaurant sales growth.

We present Restaurant-level Contribution because it excludes the impact of general and administrative expenses, which are not incurred at the restaurant-level. We also use Restaurant-level Contribution to measure operating performance and returns from opening new restaurants. Restaurant- level Contribution margin allows us to evaluate the level of Restaurant-level Contribution generated from sales.

However, you should be aware that Restaurant-level Contribution and Restaurant-level Contribution margin are financial measures which are not indicative of overall results for the Company, and Restaurant-level Contribution and Restaurant-level Contribution margin do not accrue directly to the benefit of stockholders because of corporate-level expenses excluded from such measures.

In addition, when evaluating Restaurant-level Contribution and Restaurant-level Contribution margin, you should be aware that in the future we may incur expenses similar to those excluded when calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of Restaurant-level Contribution and Restaurant- level Contribution margin may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate Restaurant-level Contribution and Restaurant-level Contribution margin in the same fashion. Restaurant-level Contribution and Restaurant- level Contribution margin have limitations as analytical tools, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

The following table reconciles net restaurant operating income to Restaurant-level Contribution and Restaurant-level Contribution margin for the years ended March 31, 2023 and March 31, 2022:

	Three months ended March 31,	
	2023	***2022***
Net restaurant operating income, as reported	$ 115,491	$ (352,774)
Depreciation and amortization	128,270	385,117
Restaurant-level Contribution	$ 243,761	$ 32,343
Operating profit margin	4.7%	-17.3%
Restaurant-level Contribution Margin (a)	9.8%	1.6%

(a) Represents restaurant-level contribution divided by revenue.

Average Unit Volumes (AUVs)

"Average Unit Volumes" or "AUVs" consist of the average annual sales of all restaurants that have been open for 3 months or longer at the end of the period presented. AUVs are calculated by dividing (x) annual sales for the year presented for all such restaurants by (y) the total number of restaurants in that base. We make fractional adjustments to sales for restaurants that were not open for the entire year presented (such as a restaurant closed for renovation) to annualize sales for such period of time. This measurement allows management to assess changes in consumer spending patterns at our restaurants and the overall performance of our restaurant base.

The following table shows the AUVs for the three months ended March 31, 2023 and March 31, 2022, respectively:

	Three months ended March 31,	
	2023	***2022***
Average Unit Volumes	$ 1,239,787	$ 1,163,674

Comparable Restaurant Sales Growth

Comparable restaurant sales growth represents the change in year-over-year sales for restaurants open for at least 3 months prior to the start of the accounting period presented, including those temporarily closed for renovations during the year. Measuring our comparable restaurant sales growth allows us to evaluate the performance of our existing restaurant base. Various factors impact comparable restaurant sales, including:

- consumer recognition of our brand and our ability to respond to changing consumer preferences;
- overall economic trends, particularly those related to consumer spending;
- our ability to operate restaurants effectively and efficiently to meet consumer expectations;
- pricing;
- guest traffic;
- per-guest spend and average check;
- marketing and promotional efforts;
- local competition; and
- opening of new restaurants in the vicinity of existing locations.

The following table shows the comparable restaurant sales growth for the three months ended March 31, 2023 and March 31, 2022:

	Three months ended March 31,	
	2023	2022
Comparable restaurant sales growth (%)	12.1%	41.9%
Comparable restaurant base	7	5

Number of Restaurant Openings

The following table shows the growth in our restaurant base for the three months ended March 31, 2023 and March 31, 2022:

	Three months ended March 31,	
	2023	2022
Restaurant activity:		
Beginning of period	8	6
Openings	-	1
Closing	-	-
End of period	8	7

Liquidity and Capital Resources

Our primary uses of cash are for operational expenditures and capital investments, including new restaurants, costs incurred for restaurant remodels and restaurant fixtures. Historically, our main sources of liquidity have been cash flows from operations, borrowings from banks, and sales of common shares.

In September 2022, the Company consummated its initial public offering (the "IPO") of 2,940,000 shares of its class A common stock at a public offering price of $4.00 per share, generating gross proceeds of $11,760,000. Net proceeds from the IPO were approximately $10.3 million after deducting underwriting discounts and commissions and other offering expenses of approximately $1.5 million.

We believe that the expected cash flow from operations and the proceeds from the IPO will be adequate to fund operating lease obligations, capital expenditures and working capital obligations for at least the next 12 months and thereafter.

Summary of Cash Flows

The following table summarizes our cash flows for the periods presented:

	Three Months Ended March 31,	
	2023	***2022***
Statement of Cash Flow Data:		
Net cash used in operating activities	$ (1,768,802)	$ (375,460)
Net cash used in investing activities	(938,984)	(188,829)
Net cash provided by financing activities	412,785	59,903

Cash Flows (Used in) Provided by Operating Activities

Net cash used in operating activities during the three-month period ended March 31, 2023 was $1,768,802, which resulted from net loss of $1,144,489, non-cash charges of $128,270 for depreciation and amortization and net cash outflows of $752,583 from changes in operating assets and liabilities. The net loss was significantly higher for the period relative to prior periods as a result of restaurant startup costs and increased general and administrative expenses. The net cash outflows from changes in operating assets and liabilities were primarily the result of an increase in other assets by $709,109 and a payment to related party of $155,753, which was offset by decreases in inventory and increases in other liabilities of $112,279. The increase in other assets of $709,109 primarily consists of a payment of $294,276 in escrow to purchase a restaurant in Southern California and an investment of $300,000 in a financial company for a fixed interest income.

Net cash used in operating activities during the three months ended March 31, 2022 was $375,460, which resulted from net loss of $393,792, non-cash charges of $385,117 for depreciation and amortization, PPP loan forgiveness of $385,900, and the net cash inflows of $19,115 from changes in operating assets and liabilities. The net cash inflows from changes in operating assets and liabilities were primarily the result of increases of $67,706 in due to related party, $65,700 in other payables and a decrease of $1,128 in inventories, partially offset by an increase of $15,874 in other assets a decrease of $99,545 in accounts payable and accrued expenses.

Cash Flows Used in Investing Activities

Net cash used in investing activities during the three months ended March 31, 2023 and 2022 was $938,984 and $188,829, respectively. These expenditures in each period are primarily related to purchases of property and equipment in connection with current and future restaurant openings.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities during the three months ended March 31, 2023 was $412,785 due to $500,000 cash received through line of credit, offset by $87,215 of repayment of bank borrowings.

Net cash provided by financing activities during the three months ended March 31, 2022 was $59,903, due to $60,000 of cash collected from the sales of common stock in 2021, offset by $97 of net repayment of borrowings.

Contractual Obligations

The following table presents our commitments and contractual obligations as of March 31, 2023, as well as our long-term obligations:

	Payments due by period as of March 31, 2023				
	Total	2023 (remaining nine months)	2024-2025	2026-2027	Thereafter
Capital lease payments	$ 8,561,512	$ 647,615	$ 1,817,623	$ 1,801,876	$ 4,294,398
Bank note payables	1,235,389	203,018	528,423	222,871	281,077
EIDL loan payables	413,482	7,013	31,032	31,032	344,405
Restaurant revitalization fund loan payable	700,454	-	700,454	-	-
Total contractual obligations	**$ 10,910,837**	**$ 683,821**	**$ 2,107,197**	**$ 1,191,109**	**$ 1,741,622**

Income Taxes

The Company files income tax returns in the U.S. federal and California state jurisdictions.

We are considered a U.S. corporation and a regarded entity for U.S. federal, state and local income taxes. Accordingly, a provision will be recorded for the anticipated tax consequences of our reported results of operations for U.S. federal, state and foreign income taxes.

JOBS Act Accounting Election

We are an “emerging growth company,” as defined in the JOBS Act, and may take advantage of certain exemptions from various public company reporting requirements for up to five years or until we are no longer an emerging growth company, whichever is earlier. The JOBS Act provides that an “emerging growth company” can delay adopting new or revised accounting standards until those standards apply to private companies. We have elected to use this extended transition period under the JOBS Act. Accordingly, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

Off Balance Sheet Arrangements

As of March 31, 2023, we did not have any material off-balance sheet arrangements.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to utilize estimates and make judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. The estimates are evaluated by management on an ongoing basis, and the results of these evaluations form a basis for making decisions about the carrying value of assets and liabilities that are not readily apparent from other sources. Although actual results may differ from these estimates under different assumptions or conditions, management believes that the estimates used in the preparation of our financial statements are reasonable. The critical accounting policies affecting our financial reporting are summarized in Note 2 to the financial statements included elsewhere in this Quarterly Report.

Recent Accounting Pronouncements

We have determined that all other issued, but not yet effective accounting pronouncements are inapplicable or insignificant to us and once adopted are not expected to have a material impact on our financial position.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by 17 C.F.R. 229.10(f)(1) and are not required to provide information under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of September 30, 2022. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2022, our disclosure controls and procedures were ineffective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (a) is recorded, processed, summarized and reported within the time periods specified by Securities and Exchange Commission ("SEC") rules and forms and (b) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding any required disclosure.

Management has identified control deficiencies regarding inadequate accounting resources, the lack of segregation of duties and the need for a stronger internal control environment. Management of the Company believes that these material weaknesses are due to the small size of the Company's accounting staff. The small size of the Company's accounting outsourced staff may prevent adequate controls in the future due to the cost/benefit of such remediation.

To mitigate the current limited resources and limited employees, we rely heavily on direct management oversight of transactions, along with the use of external legal and accounting professionals. As we grow, we expect to increase our number of employees, which will enable us to implement adequate segregation of duties within the internal control framework.

These control deficiencies could result in a misstatement of account balances that would result in a reasonable possibility that a material misstatement to our financial statements may not be prevented or detected on a timely basis. In light of this material weakness, we performed additional analyses and procedures in order to conclude that our financial statements for the quarter ended March 31, 2023 included in this Quarterly Report on Form 10-Q were fairly stated in accordance with GAAP. Accordingly, management believes that despite our material weaknesses, our financial statements for the quarter ended March 31, 2023 are fairly stated, in all material respects, in accordance with GAAP.

Internal Control Over Financial Reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

In the future, the Company may be subject to various legal proceedings from time to time as part of its business. We and our subsidiaries are not currently a party, nor is our property subject, to any material pending legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 6. Exhibits.

The following exhibits are included herein or incorporated herein by reference :

3.1	Amended and Restated Certificate of Incorporation of Registrant (incorporated by reference to Exhibit 3.3 to Amendment No. 1 to our Registration Statement on Form S-1 filed on February 9, 2022)
3.2	Bylaws of Registrant (incorporated by reference to Exhibit 3.2 to Amendment No. 1 to our Registration Statement on Form S-1 filed on February 9, 2022)
4.1	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.2 to our Registration Statement on Form S-1 filed on January 25, 2022)
4.2	Form of Representative's Warrant (incorporated by reference to Exhibit 4.2 to Quarterly report on Form 10-Q filed on November 14, 2022)
10.1	Form of IPO Lock-Up Agreement (incorporated by reference to Exhibit 10.1 to Amendment No. 3 to our Registration Statement on Form S-1 filed on May 31, 2022)
10.2	Form of Director and Officer Indemnity Agreement (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form S-1 filed on January 25, 2022)
10.3	Lease agreement by and between SVAP II Chapman, LLC and Yoshiharu Garden Grove, dated as of July 15, 2022 (incorporated by reference to Exhibit 10.3 to Quarterly report on Form 10-Q filed on November 14, 2022)
10.4	Lease by and between Ocean Ranch II, LLC and Yoshiharu Global Co., dated July 18, 2022 (incorporated by reference to Exhibit 10.18 to Amendment No. 5 to our Registration Statement on Form S-1 filed on August 29, 2022)
17.1	Resignation Letter of Helen Lee
31.1*	Certification of James Chae pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Soojae Ryan Cho pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of James Chae pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Soojae Ryan Cho pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Signature	Title	Date
/s/ James Chae James Chae	Chief Executive Officer (*Principal Executive Officer*)	May 10, 2023
/s/ Soojae Ryan Cho	Chief Financial Officer (*Principal Financial and Accounting Officer*)	May 10, 2023

Exhibit 17.1

RESIGNATION LETTER OF HELEN LEE

Helen Y. Lee
506 Brower Ave
Placentia, CA 92870

January 27, 2023

Yoshiharu Global Co.
6940 Beach Blvd., Suite D-705
Buena Park, CA 90621

Dear Mr. Chae,

This letter is to officially inform you that I am resigning from the position of a member of the Board of Directors in Yoshiharu Global Co., effective January 31, 2023.

It has been a great experience working with you and the team at Yoshiharu Global Co. I am grateful for having the opportunity to serve on the Board, and I offer my best wishes for its continued success.

Sincerely,

Helen Y. Lee, CPA

Exhibit 31.1

CERTIFICATION

I, James Chae, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "Report") for the quarterly period ended March 31, 2023 of Yoshiharu Global Co.;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

    b. [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

    d. Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 10, 2023

By: */s/ James Chae*
James Chae
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Soojae Ryan Cho, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "Report") for the quarterly period ended March 31, 2023 of Yoshiharu Global Co.;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

    b. [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

    d. Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 10, 2023

By: */s/ Soojae Ryan Cho*

Soojae Ryan Cho
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

In connection with the Quarterly Report of Yoshiharu Global Co. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Chae, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2023

By: */s/ James Chae*
James Chae
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION

In connection with the Quarterly Report of Yoshiharu Global Co. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Soojae Ryan Cho, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2023

By: */s/ Soojae Ryan Cho*
Soojae Ryan Cho
Chief Financial Officer
(Principal Financial and Accounting Officer)