

BUSINESS proposal
FOR ESTABLISHING A
PROFITABLE

Japanese
YOSHIYAMA Reman
Franchise Restaurant

Yoshiyama Shouten
Franchise (USA) LLC

YOSHIYAMA RAMEN
らーめん 吉山商店



Highlight



Objective of this proposal

Motivation: what's the ramen market opportunity in us

Right thinking: business strategy for success

Competitiveness: advantage of ramen business

Business model offering: high end restaurant, ramen store, self-service bar

Financial modeling: franchise revenue projection

Plan: pre-launch, launch, post-launch

objective

- TO PROVIDE A PROPOSAL FOR SEAMLESS ESTABLISHMENT OF JAPANESE YOSHIYAMA RAMEN FRANCHISE RESTAURANT IN THE UNITED STATES THROUGH A JOINT DEVELOPMENT EFFORT BY LEVERAGING YOSHIYAMA SHOUTEN'S COMPETITIVE ADVANTAGE AND STRENGTH.

YOSHIYAMA RAMEN

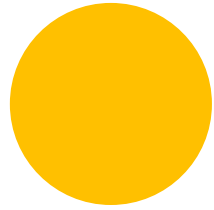
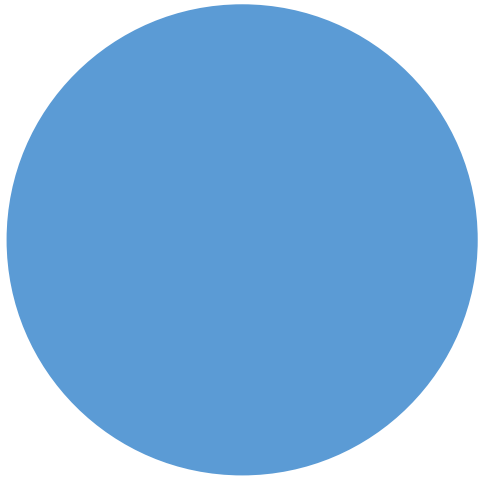
らーめん 吉山商店



Executive summary

- THE UNITED STATES IS A POLITICALLY AND ECONOMICALLY STABLE COUNTRY TO ENTER. IN 2019, THE MARKET SIZE OF RAMEN INDUSTRY IN THE U.S. WAS \$1.5 BILLION WITH OVER 2,000 STORES ACROSS THE U.S. THE MARKET SIZE GREW BY 20% EVERY YEAR AS A BUSINESS THAT SELLS AT A HIGH PRICE AND MAKES MONEY (JAPANESE RESTAURANT MARKET SIZE IN JAPAN: 5 BILLION YEN, 40,000 STORES).

With the right business strategy, the ramen market will continue to be a solid and attractive market in the future.



motivation

What's the ramen
market opportunity in us

Japanese Restaurants in the US - Market Size 2002–2026

- The market size of the Japanese Restaurants industry in the US increased faster than the economy overall.
- The market size of the Japanese Restaurants industry in the US increased faster than the Consumer Goods and Services sector overall.

\$29.3bn

Japanese Restaurants in the US
Market Size in 2022

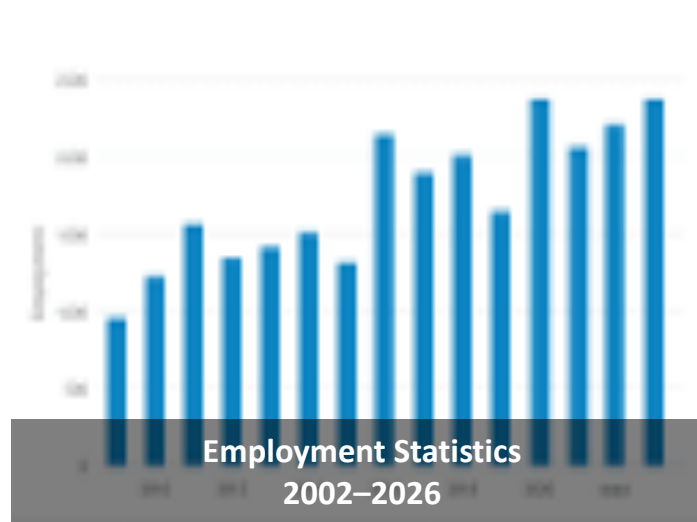
6.5%

Japanese Restaurants in the US
Market Size Growth in 2022

4.8%

Japanese Restaurants in the US
Annualized Market Size Growth
2017–2022

Japanese Restaurants in the US-Industry Statistics



2020 Franchise market size in us

+ The number of franchised business expected to grow by 1.5% to 785,316 units.

+ GDP contribution by the franchise industry expected to grow by 4.6% to US\$495 billion.

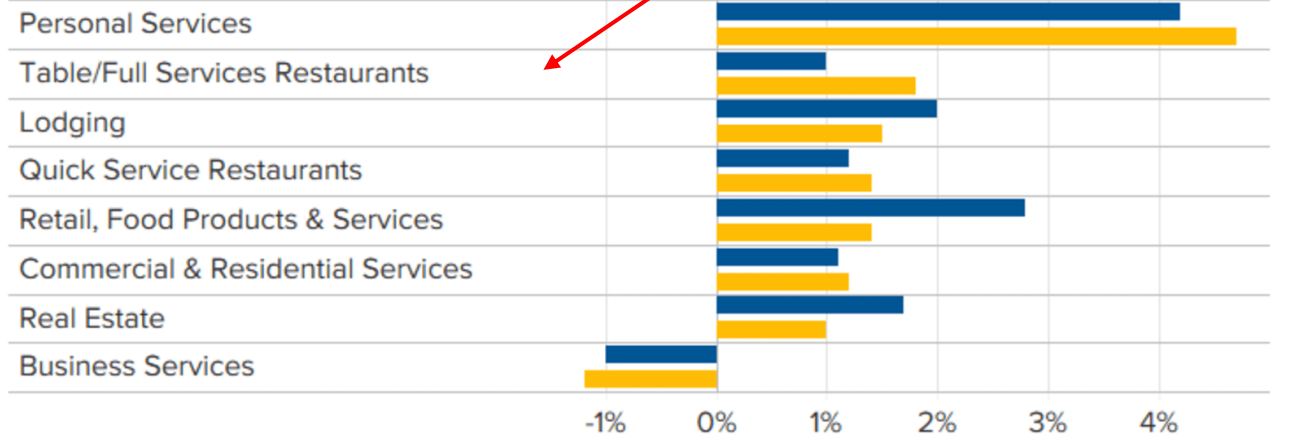
+ The industries with the most expected growth will be personal services, quick-service restaurants (QSR) and full-service restaurants

+The states that will see the most franchise establishments growth in 2020 ranked in order are: Texas, Colorado, Arkansas, Florida, Idaho, Tennessee, Georgia, North Carolina, South Carolina, and Nevada.

US franchise growth

Growth in number of franchise establishments by business line

■ 2019 ■ 2020 (Projected)



SOURCE: FRANdata, Inc. Franchise Business Economic Outlook 2020



Franchise industry growth expected to be strong, despite an uncertainty economy.

What is the ramen market?

+ Ramen became popular in the United States when Ippudo opened its New York branch in 2008.

+ The market size grew by 20% every year as a business that sells at a high price and makes money.

+ In 2019, the market size in the U.S. is \$1.5 billion with over 2,000 stores across the U.S.

+ When it comes to NY and CA, there are over 600 stores in those two states alone. (Ramen market size in Japan: 5 billion yen, 40,000 stores)

+ Although the market size may seem small, there are few companies currently doing business in the market, so profits per store can be large.

+ The number of new store openings in states other than NY and CA is small.

+ A ramen shop opened in a state with a population of 100,000 has a lot of potential in terms of customer reach and interest.

+ With the right business strategy, the ramen market will continue to be a solid and attractive market in the future.



Ramen Restaurants in the US industry outlook (2021-2026)

Average industry growth 2021-2026:

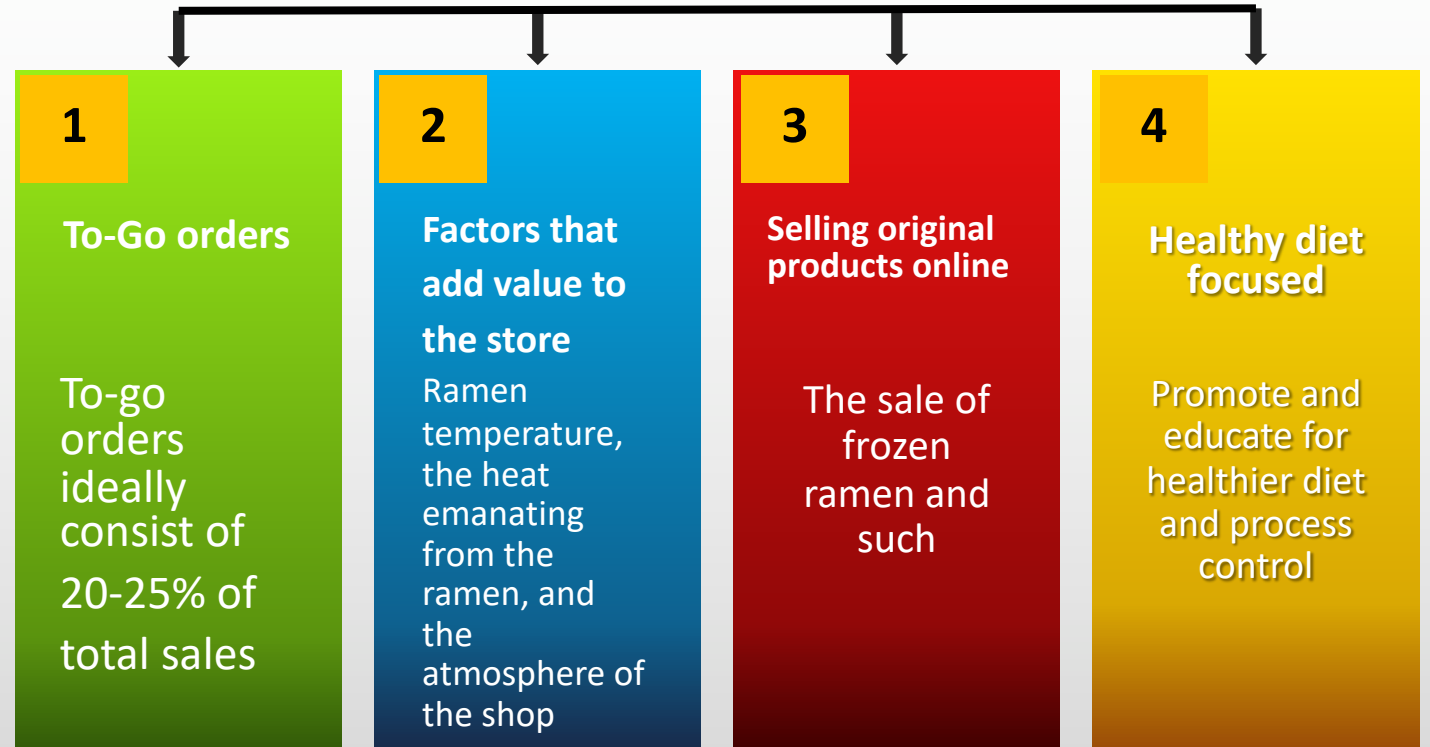
- Economic recovery similar to the food service sector as a whole, the Ramen restaurant industry is expected to exhibit a strong rebound from the COVID-19 (coronavirus) pandemic. Over the five years to 2026, industry performance is expected to be driven by overall economic recovery. As restrictions on operating capacity and travel have begun to lift in 2022, ramen restaurants are expected to exhibit a surge in revenue at the start of the five-year period to 2026. Additionally, rebounding consumer spending is expected to support discretionary spending on food away from home. As a result, over the five years to 2026, industry revenue is forecast to expand at an annualized rate of 4.5% to \$1.4 billion.



Right thinking

Business strategy for success

CUSTOMER FOCUSED STRATEGY





COMPETITIVENESS

Advantage of ramen business

Ramen Market Competitiveness

- Ramen can be a healthy choice if consumed responsibly. Ramen is boiled in water, then combined with a seasoned broth, typically made from pork or chicken. This broth is flavored with salt, soy sauce, sesame oil, green onions, and garlic.
- In comparison, ramen contains fewer calories and less fat than other fast-food options, such as tacos or French fries. Furthermore, the dish often has an assortment of vegetables and lean meats.

Advantages of the Ramen Business

- EFFICIENT PREPARATION: IT IS POSSIBLE TO PREPARE INGREDIENTS FOR 200-300 PEOPLE AT A TIME.
- LOW COST OF FOODSTUFFS; 25-30% OF THE COST COMPARED TO A TRADITIONAL RESTAURANT
- EASY TO RUN: NO NEED FOR LONG-TERM TRAINING LIKE A SUSHI CHEF
- HIGH STORE TURNOVER RATE: EASY TO GENERATE PROFIT
- EASY TO CREATE ORIGINALITY: TASTE, ADDED VALUE, ETC.

Market Dynamic: Change Lifestyle With Ramen

The increasing popularity of traditional Asian cuisines represents one of the key factors driving the ramen market growth.

Moreover, rising health-consciousness is acting as another major growth-inducing factor as ramen noodles are a rich source of essential vitamins and minerals that aid in improving digestion.

Other factors, such as the launch of ready-to-eat (RTE) instant ramen noodles in multiple flavors and the increasing adoption of a vegan diet among consumers, are creating a positive outlook for the market further.

Ramen Trends, Analytics and Statistic

Market Adoption

- Ramen 0.33%
- burger (1.27%)
- pizza (1.58%)

Annual Growth

Ramen consumption yearly growth
rate

12.42%

Annual Consumption Frequency

Ramen is consumed 1.89 times
on average every year

1.89

Yoshiyama Ramen Franchise

- Yoshiyama Raman is a fast-casual restaurant and/or bar that offers freshly prepared ramen (Hokkaido Japanese style noodle) dishes with a diverse selection of broths, noodles, proteins, sauces, Japanese appetizers and desserts, and other foods and beverage products for on-premises and off-premises consumption and catering events.
- The increasing popularity of Japanese ramen, combined with its customer-focused value strategy, differentiate Yoshiyama Ramen as a most appearing franchise offer in today's market.



Recognition

- Maintained as a top brand of SAPPORO MISO RAMEN in Japan for the last 6 years.
- Award winning of the best ramen award from RAMEN WALKER of KADOKAWA - a top publisher in JAPAN
- Ramen Walker award in 2009— Michelin Guide for ramen restaurants
- Awarded in 2021 by Demae-can

Vision

Beyond the taste.

Mission

We delight our customers with a sense of **delicious Hokkaido ramen experience.**

Core Value

Always authentic
Always delicious
Always fresh
Always smile

らーめん 吉山商店



関山芳美 店主 & 阿部将和
統括マネージャー





札幌・焙煎ごまみそ 吉山商店



札幌・焙煎ごまみそ 吉山商店

味噌と練りごまの香ばしさが豚骨ベースの
スープを引き立てるに濃厚みそラーメン。

王道にして斬新、コクとキレのある一杯を
求め続けてたどり着いた札幌味噌ラーメン
の進化系。ぜひお試しください。



店主 関山 芳美

全国各地のラーメンを食べ歩き、その舌と
心。追求し完成したのは、「五感で味わう」
がある、ハイブリッド札幌らーめん！



3/5/23

まさに
名店の味わい！

今や札幌ラーメンを代表する一店に！
コクとキレのある
味わい深いスープに
神チャーシュー。

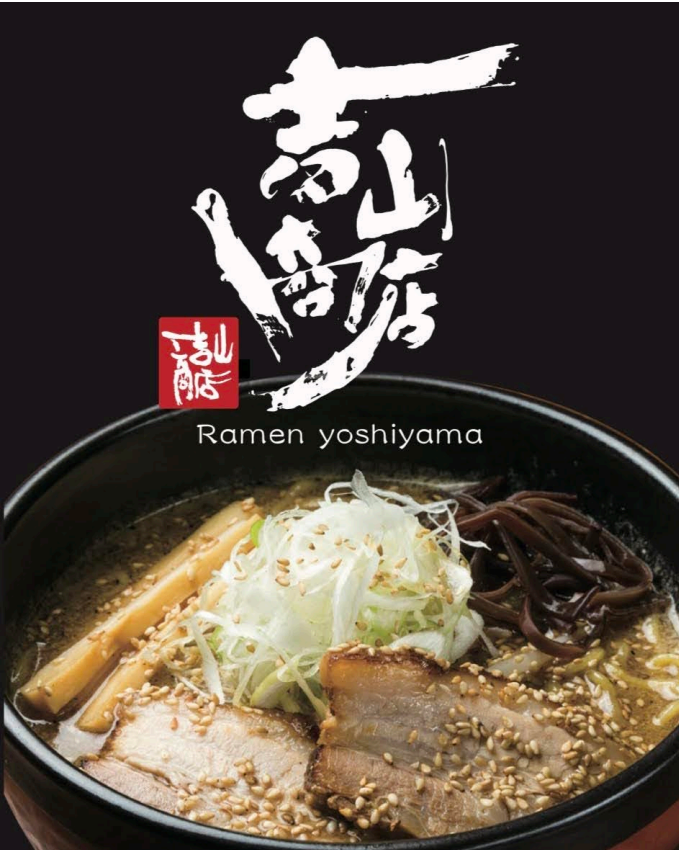


👑 人気No.1!

焙煎ごまみそらーめん

2種類の白味噌と練りゴマをラードで香ばしく焼き上げ風味を出した
トンコツベースの味噌ラーメンはこってりなのに飲み干せて
しまうまるやかさ。

スープ	あっさり	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	こってり
麺	細麺	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	太麺



Yoshiyama Shouten *Overview*

<i>Founded</i>	<i>Employees</i>	<i>Restaurants in Japan</i>	<i>Revenue (2021)</i>
2006	120	7	US\$ 5.6M

Yoshiyama Ramen *Franchise Offering*

<i>Initial Investment</i>	<i>Franchise Fee</i>	<i>Royalty Fee</i>	<i>Advertising Fee</i>
US\$ 400K – 1.2M	US\$ 15K	3%	1%

Our success depends on **CUSTOMER SATISFACTION** achieved by *Success Enhancement* with a proven operating model to shorten ROI cycle time for profitability

Restaurant startup costs

While your startup costs will fluctuate depending on whether you decide to rent or own your retail space, renovation costs, which equipment you need and more, the things each restaurant needs to buy before opening their doors largely falls into these categories:

- Commercial space
- Renovations and decor
- Kitchen supplies and equipment
- Restaurant technology
- Licenses and permits
- Marketing
- Other hidden costs



Business model offering

high end restaurant, ramen store, self service bar

High End Restaurant Model



Capacity of Restaurant	100 seats
Store monthly sales	US\$200 - 250K
Labor	35 – 40%
Ramen cost	US\$2.50
Price of Ramen	US\$15.00
Profit Margin of Ramen	83%
Initial investment	US\$1.2 million
Depreciation @6 years	US\$18,000
Monthly Gross Profit	US\$20 - 40K
ROI	2.5 – 5 years

Regular Ramen Store Model



Capacity of Restaurant	53 seats
Store monthly sales	US\$80 - 120K
Labor	25 – 30%
Ramen cost	US\$2.50
Price of Ramen	US\$10.00
Profit Margin of Ramen	75%
Initial investment	US\$400K
Depreciation @6 years	US\$5,500
Monthly Gross Profit	US\$15 - 35K
ROI	0.95 – 2.2 years

Self-Service Ramen Shop and Bar Model



Capacity of Restaurant	100 seats
Store monthly sales	US\$150 – 250K
Labor	25 %
Ramen cost	US\$2.50
Price of Ramen	US\$10.00
Profit Margin of Ramen	25%
Initial investment	US\$1 million
Depreciation @6 years	US\$14,000
Monthly Gross Profit	US\$25 - 75K
ROI	1.1 - 3years

Financial modeling

franchise revenue projection

Ramen Cost-profit analysis

Average Ramen Cost is \$2.00 ~ 3.00
Cost may vary depending on the type of
ramen you chose

Selling price per bow	US\$ 15.00
Cost of Goods	US\$ 2.35
Noodle	US\$. 0.50
Soup	US\$. 0.50
Flavored oil	US\$ 0.10
Chashu meat	US\$ 0.50
Green Onion	US\$. 0.20
Mushroom	US\$. 0.10
Base soup	US\$. 0.30
Egg	US\$. 0.15
Gross Profit	US\$ 12.65 (84%)

How Much Does It Really Cost To Make A Bowl Of Ramen?

- HERE IS A SIMPLY SUMMARY TABLE OF THE LIKELY COST OF WHERE YOUR MONEY IS GOING INTO EACH TIME YOU SELL A BOWL OF RAMEN.

Selling Price Of A Bowl Of Ramen	\$15
Ingredients	\$2.35 (16%)
Labor, Rental, Utility Costs, Depreciation Of Equipment	\$8.50 (57%)
Admin Expenses	\$0.50 (3%)
Net Profit	\$3.65 (24%)

4 PHASES PLAN OF ACTION FRAMEWORK

A joint development for establishing Yoshiyama Ramen franchise restaurant.

PLAN

“PEOPLE DO NOT PLAN TO FAIL, BUT THEY FAIL TO PLAN.”



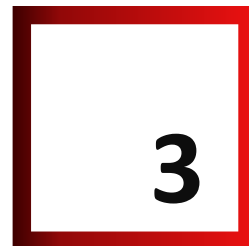
Engagement

Establish a win-win strategic partnership.



Pre-Launch

Feasibility study, capability review, project plan development



Launch

Deployment, monitor, kaizen



Post-Launch

Maintenance, operating performance enhancement

Key success factors

- IN ORDER TO SUCCEED IN THE RAMEN MARKET, IT IS NECESSARY TO IDENTIFY OR DESIGN YOUR OWN UNIQUE STRENGTHS, ORIGINALITY AND VALUE FROM THE VERY BEGINNING OF YOUR BUSINESS DEVELOPMENT.
- A STRATEGY FOR PROVIDING SERVICES AT THE RAMEN SHOPS
- IT'S A PREREQUISITE THAT IT TASTES GOOD AND **CONSISTENT TASTE FOR THE RAMEN IN THE STORES**
- LOCATION, LOCATION AND LOCATION. ENVIRONMENT.
- LOCALIZATION: IT IS A CHALLENGE FOR ANYONE TO PROVIDE THE FLAVORS THAT AMERICANS LIKE.
- BRAND MARKETING, PUBLIC RELATION AND CORPORATE IMAGE
- SERVICE ATTITUDE

It's now or never!

- THE RESTAURANT INDUSTRY HAS BEEN SEVERELY AFFECTED BY THE NEW CORONAVIRUS COVID-19 THAT HAS BEEN RAGING SINCE THE BEGINNING OF 2020. HOWEVER, THERE ARE BIG OPPORTUNITIES FOR THOSE LOOKING TO ENTER THE RESTAURANT INDUSTRY.
- THIS IS BECAUSE THERE ARE MANY STORES FOR SALE, MAKING IT POSSIBLE TO DEVELOP A BUSINESS IN SOME OF THE BEST LOCATIONS AND WITH LOW INITIAL INVESTMENT.

Disclaimer

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Thank you!

YOSHIYAMA SHOUTEN FRANCHISE
(USA) LLC