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Ark Restaurants Corp. (ARKR) Q1 2026 Earnings Call Transcript

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Ark Restaurants Corp. (ARKR) Q1 2026 Earnings Call February 10, 2026 11:00 AM EST

Company Participants

Christopher Love - Secretary
Michael Weinstein - Founder, Chairman & CEO
Anthony Sirica - CFO, President,Treasurer & Director

Conference Call Participants

Roger Lipton - Lipton Financial Services
Jeffrey Kaminsky

Presentation

Operator

Greetings, and welcome to the Ark Restaurants First Quarter 2026 Results Conference Call. [Operator Instructions] It is now my pleasure to introduce your host, Ark's Secretary, Christopher Love. Thank you. You may begin.

Christopher Love
Secretary

Thank you, operator. Good morning, and thank you for joining us on our conference call for the First Quarter ended December 27, 2025. My name is Christopher Love, and I am the Secretary of Ark Restaurants. With me on the call today is Michael Weinstein, our Chairman and CEO; and Anthony Sirica, our President and CFO.

For those of you who have not yet obtained a copy of our press release, it was issued over the Newswires yesterday and is available on our website. To review the full text of that press release, along with the associated financial tables, please go to our homepage at www.arkrestaurants.com.

Before we begin, however, I'd like to read the safe harbor statement. I need to remind everyone that part of our discussion this morning will include forward-looking statements and that these statements are not guarantees of future performance, and therefore, undue reliance should not be placed on them. We refer everyone to our filings with the Securities and Exchange Commission for a more detailed discussion of the risks that may have a direct bearing on our operating results, performance and financial condition.

I'll now turn the call over to Michael.

Michael Weinstein
Founder, Chairman & CEO

Before I get going, let's have Anthony go over the balance sheet and anything that was significant. It was really a quiet quarter. So Anthony, go ahead.

Anthony Sirica
CFO, President,Treasurer & Director

Yes. Real quick. As you saw in the release, our adjusted EBITDA was about $150,000 better this year than it was last year. Our balance sheet, the cash was $9 million and change, and our debt is $3 million. Other than that, the balance sheet did not have any significant changes. Like Michael said, it was a very quiet quarter compared to the last several quarters with impairments and things like that. So it's really pretty consistent with the balance sheet.

I'll turn it over to Michael.

Michael Weinstein
Founder, Chairman & CEO

Yes. On the operations side, I'll speak to that in a second. Just with regard to the cash balance, as we have indicated, we signed a new lease with MGM for New York, New York a couple of years ago. And part of the requirement of that new lease was doing some work within our restaurants. And the work is mostly done at this point. But the redo of America, which will -- it's open, but the new facility that we're building will be open in April. That's taken a lot of cash in the last couple of months.

Also, our litigation bills at Bryant Park has taken a lot of cash. So we expect once the build-out of America is completed, the cash position will start to improve.

And in the March quarter, that's a low point for us in cash on an annual basis. So we'll see cash starting to improve in the next couple of months.

On the income side, venue by venue, Las Vegas remains a high point for us. We're seeing better results there despite the strip being down 11%. Our operations are doing quite well. We're more efficient. Keith here, who runs those operations is doing a spectacular job for us. And we're starting to see hopefully some expansion opportunities in Vegas for what we do.

Alabama is fine. The Florida restaurants have continued to be down 10%, 12%, 13% on the revenue side. So margins are squeezed, expenses although we think we're efficient, they're much higher than they were a couple of years ago, just inflation. We haven't -- we raised some prices along the way, but revenues are soft. That's in our full-service restaurants. Our Hollywood fast food in the Hard Rock continues to do extremely well. Sequoia in Washington, we have new management there. I was down there last week. We're really excited about the opportunity the new management is affording us. Washington has been a difficult environment for everybody. The project we're in is not doing well as a whole, but we're starting to see a little perk up in Sequoia.

New York, Bryant Park, again, we're still in this litigation mode. It has hurt us with events. It continues to hurt us with events. But the litigation, we think we're in good shape. And the beneficiary of us being operating the restaurants over the last 1.5 years despite the fact that everybody seems to know that there's a litigation going on. More Event business is starting to be signed up. So I think this year we'll be better on the revenue side in the event and corporate and social event side than it has been. So I think we'll pick up a little bit there. Robert continues to do very well.

The other things, I guess, we should discuss is the Meadowlands. Right now, we are doing -- we -- the owners of Meadowlands Racetrack, we're doing surveying to find out where the public will stand on a referendum to vote for a casino in the northern part of the state away from Atlantic City. So once that survey is complete, if it's positive, we think that the ammunition, the legislature needs to go forward and put a referendum on the ballot this November. We just started this process about a week ago. It will take 1 month, 1.5 months to complete. So hopefully, we'll see a positive result.

So with that, any questions?

Question-and-Answer Session

Operator

[Operator Instructions] Our first question comes from the line of Roger Lipton from Lipton Financial.

Roger Lipton
Lipton Financial Services

It looks like because you're operating line by line cost decreased in food beverage and payroll. It looks like your menu prices were raised noticeably kind of across the board. You mentioned down in Florida, but it came down quarter-to-quarter from your fourth quarter to first quarter, cost of sales, as you well know, I'm sure, is down 270 basis points and your payroll was down 349 -- several hundred, yes, over 300 basis points. So that's pretty material. So that -- it sounds like that was the case. And has it affected traffic, I guess, is the question.

Michael Weinstein
Founder, Chairman & CEO

Too hard to answer the last question, has it affected traffic. There's so much that goes on, weather and other things. We're just trying to be more efficient. We have not raised prices significantly. I would disagree with that. I think we're just being more efficient. And...

Anthony Sirica
CFO, President,Treasurer & Director

Yes. I mean we've reengineered some menu items. We're trying to be more efficient on payrolls, reduce overtime, things like that.

Roger Lipton
Lipton Financial Services

Well, that's good to hear. I mean it's preferable to improve margins without raising prices, obviously...

Michael Weinstein
Founder, Chairman & CEO

No. But we have raised them a little bit. And certain menu items, I mean, it's crazy. And I go back to Rustic again, King Crab Legs. Pre-COVID, it was a $99 item. Now it's a $235 item. Why? The cost per pound has gone through the roof. So -- but other than a couple of items where just shortages and the cost, the menu increases have been very modest.

Roger Lipton
Lipton Financial Services

All right. That's good to hear. So how has the traffic trend been, we've had very cold weather in the Northeast, but obviously, most of your revenues -- you said Las Vegas has been firm. How has the weather been in Alabama and Florida this first quarter?

Michael Weinstein
Founder, Chairman & CEO

Alabama is fine. Florida has been a disaster. It got down to 45 degrees.

Anthony Sirica
CFO, President,Treasurer & Director

Last 2 weeks.

Michael Weinstein
Founder, Chairman & CEO

Yes, last 2 weeks, it's been brutal. And not to try to be funny and -- but Iguanas have fallen out of trees, if you read those articles. The -- so that impacts us dramatically. I mean, last week, we were down 40% at some of our full-service restaurants in Florida. It has -- it's just been a disaster as well as in New York. I mean the -- nobody was going out. So the first 2 weeks were very, very tough.

Roger Lipton
Lipton Financial Services

So the good news is that the comparisons will be easy next year. It will not be any colder next year than this year.

Michael Weinstein
Founder, Chairman & CEO

Hope not.

Operator

Our next question comes from the line of Jeffrey Kaminsky with JJK Consultants.

Jeffrey Kaminsky

Two questions, different directions, but 2 questions. Michael, you just said on the call that with respect to the litigation at Bryant Park, you feel that you guys are in pretty good shape. I was wondering, I know the -- it's a legal issue and it's probably things you can and can't say. But what gives you the belief that you're in good shape?

As I pointed out on this call 3 months ago, it's my understanding that when it came to winning the lease back that Ark actually came in third, not second. So should you be successful in this litigation, that doesn't necessarily mean that Ark gets the lease back because there was someone who came in second, not you. So that's one question, and I'll pivot and you can address them both.

In the press release, you mentioned, as you have spoken in the past with respect to the Meadowlands that there's likely to be some dilution in terms of Ark's ownership. I understand that Ark owns about 8% roughly. You can correct me if that's a wrong number. What do you expect the dilution impact to be on the ownership of the casino in the Meadowlands?

Michael Weinstein
Founder, Chairman & CEO

So on the Bryant Park issue, the discovery process has brought to light certain things that we think are beneficial to us -- that as well as the time period over which we will remain in possession, we believe, has -- while the litigation goes forward and any appeals go forward, we think we've got a significant amount of time to resolve the issues. So that's -- and I encourage everybody to read the court process that is public documentation that's available on the city.

Anthony Sirica
CFO, President,Treasurer & Director

New York State Supreme Court website.

Michael Weinstein
Founder, Chairman & CEO

Yes. With regard to dilution at the Meadowlands, there are too many moving parts. Where there is no dilution if a casino is a license is granted to the Meadowlands is our exclusive on all food and beverage. So that is apart from our ownership position in the LLC, which is New Meadowlands Racetrack.

So from that point of view, there's no dilution in our exclusive, but there will be dilution based upon what deal is made with an operator and how much money that has to be raised. And if it's speculative, obviously, I don't know what our ability to raise money will be if a casino license is issued in the North. And I guess that would depend greatly on the price of our stock and whether it makes sense to do a secondary to keep the dilution to a minimum or whether we just decide to be diluted or taking a partner. There are too many issues. So -- but I imagine there will be some dilution. I hope that answers your question.

Operator

And we have reached the end of the question-and-answer session. I'd like to turn the floor back over to Michael Weinstein for closing remarks.

Michael Weinstein
Founder, Chairman & CEO

All right. Thank you for your participation, and we'll speak to you in 3 months.

Anthony Sirica
CFO, President,Treasurer & Director

Thank you.

Operator

Thank you. And this concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.

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