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The ONE Group Hospitality, Inc. (STKS) Q4 2025 Earnings Call Transcript

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Q4: 2026-03-13 Earnings Summary

Insights



EPS of -\$0.12 **misses by \$0.29** | Revenue of \$207.01M (-6.70% Y/Y) **misses by \$3.26M**

The ONE Group Hospitality, Inc. ([STKS](#)) Q4 2025 Earnings Call March 13, 2026 8:30 AM EDT

Company Participants

Nicole Thaung - Chief Financial Officer

Emanuel Hilario - President, CEO & Director

Conference Call Participants

Allison Arfstrom - Piper Sandler & Co., Research Division

Joseph Gomes - NOBLE Capital Markets, Inc., Research Division

Anthony Lebieczinski - Sidoti & Company, LLC

Mark Smith - Lake Street Capital Markets, LLC, Research Division

James Sanderson - Northcoast Research Partners, LLC

Presentation

Operator

Good day, and welcome to The ONE Group Fourth Quarter 2025 Earnings Conference Call. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Nicole Thaung, CEO (sic) [CFO]. Please go ahead.

Nicole Thaung

Chief Financial Officer

Thank you, operator, and hello, everyone.

Before we begin our formal remarks, let me remind you that part of our discussion today will include forward-looking statements. These forward-looking statements are not guarantees of future performance, and you should not place undue reliance on them. These statements are also subject to numerous risks and uncertainties that could cause actual results to differ materially from what we expect. Please also note that these forward-looking statements reflect our opinion only as of the date of this call. We undertake no obligation to revise or publicly release any revisions to these forward-looking statements considering new information or future events. We refer you to our recent SEC filings for a more detailed discussion of the risks that could impact our future operating results and financial condition.

During today's call, we will discuss certain non-GAAP financial measures, which we believe can be useful in evaluating our performance. However, the presentation of these measures or other information should not be considered in isolation or as a substitute for results prepared in accordance with GAAP. For reconciliations of these measures, such as adjusted EBITDA, restaurant operating profit, comparable sales, annual adjusted operating income and total food and beverage sales of company-owned, managed licensed and franchise units to GAAP measures, along with the discussion of why we consider these measures useful, please see our earnings release issued today.

With that, I would like to turn the call over to Manny Hilario.

Emanuel Hilario

President, CEO & Director

Thank you, Nicole, and good afternoon, everyone. I appreciate you joining us today. I want to start where I always do by thanking our people. Every day, our teams across every brand and market show up focused on execution and creating memorable experiences for our guests. In an environment like this one, consistency is everything, and I appreciate all that they do in executing with excellence and upholding the vibe dining experience that defines our brands. Today, I will begin with an overview of our performance, and then I will walk you through our strategic priorities for 2026 and beyond.

As we shared in January, total GAAP revenue for the full year 2025 was approximately \$805 million, representing approximately 20% growth year-over-year, driven primarily by the inclusion of Benihana for all 12 periods. Full year 2025 comparable sales declined approximately 3.7%, reflecting continued pressure across the full service guiding segment. For the fourth quarter, total GAAP revenue was approximately \$207 million compared to \$222 million in the prior year quarter. It is important to understand the 2 main drivers of that comparison. First, approximately 35% of the year-over-year revenue decline was driven by portfolio optimization actions, including the closure of underperforming RA Sushi and Kona Grill locations. These were not reactive decisions. They were the result of a deliberate evaluation of returns, real estate quality and long-term fit. While these closures reduced near-term revenue, they improved the quality and durability of the portfolio.

Second, our fiscal calendar shift resulted in a fiscal year of only 362 days. The fourth quarter had 1 fewer operating day and the years shifted to fiscal 2026. Historically, that is one of our better sales day in the full year. Fourth quarter consolidated comparable sales declined approximately 1.8% representing about 4 points of sequential improvement from the third quarter. What is important to note is that all brands demonstrated sequential improvement in comparable sales during the quarter. That momentum has accelerated to 2026. That was not just a holiday spike. This is sustained execution. Year-to-date consolidated comparable sales are slightly positive. This represents a significant inflection point for the business and demonstrates that our execution work is paying off. We are achieving this while consumer confidence sits at historical lows, which makes it even more meaningful.

We are extremely pleased with each of our brands' performance. Year-to-date, both Benihana and STK are positive in sales. Kona Grill's turnaround is gaining traction. While year-to-date comparable sales are down mid-single digits, transactions are positive, representing the best same-store performance for the brand since the beginning of 2023. This validates our strategic focus of optimizing the portfolio for the right locations and unit economics. We are growing consolidated same-store sales with flat to positive traffic, while many full-service concepts are still facing traffic declines. This reflects strong execution across our portfolio, better table efficiency at Benihana, our barbell strategy at STK, improved unit economics at Kona Grill and operational discipline throughout. What sets us apart is our vibe dining positioning. As consumers dine out less frequently, they seek experiences that combine quality food with entertainment, energy and a sense of occasion. We embody these attributes and they resonate with guests.

With that context, let me walk you through our strategic priorities. Priority one, accelerating same-store sales through execution. Driving same-store sales remains our top priority. We have established clear measurable initiatives for 2026 to ensure we execute at the highest level across all brands and are guiding to a 1% to 3% increase this year. We are focused on operational excellence across multiple dimensions social review scores, secret shopper revaluation and [EquoSure] assessments. We have set ambitious benchmarks in each area that represent the level of consistency required to build guest frequency in today's environment. The holiday season reinforced Benihana's strength as a destination for celebrations. As we have discussed in prior quarters, frequency remains the biggest opportunity for the brand. Guests love the chef experience, showmanship and the social nature of the tables. Our focus has been making the overall experience more comfortable, more efficient and more repeatable. Table efficiency and improved reservation and throughput management remain among the most impactful levers in the business. This is not about rushing guests. It's about eliminating unnecessary downtime. Through better logistics, improved staffing and better coordination between the front and back of the house, we are reducing turn times while improving guest satisfaction.

Valentine's Day 2026 was a record-breaking performance for our portfolio. Over 40 restaurants exceeded 1,000 coverage for the day, which we view as a testament to both the operational capabilities we have built and the strength of our brands as celebration destinations. The ability to execute at that volume while maintaining the quality and experience our guests expect demonstrates the progress we have made on throughput, staffing and operational excellence. Cost predictability is central to our operational excellence. Last year, we strategically shifted our protein sourcing and contracted beef pricing on beef tenderloin and other cuts through September 2026, eliminating our exposure to volatile U.S. beef markets. This decision, combined with continued Benihana integration synergies is driving meaningful margin improvement while providing the cost certainty we need to execute our growth strategy.

At STK, our barbell strategy is resonating. Guests are being more intentional about when and how they dine. Value offerings bring them in during the week, premium menus and celebrations drive weekends and holidays. Returning to positive comps in the fourth quarter was an important milestone and Valentine's Day reinforced that STK is the go-to destination for special occasions. We are expanding brand awareness through marketing and digital initiatives. In 2025, we launched Friends with Benefits, our loyalty program, which gives us a direct line to our most frequent guests and allows us to drive targeted traffic during key dayparts. Additionally, we are leveraging product innovation through seasonal menus for both food and beverage to keep our offerings fresh and differentiated from competitors. We are also focused on driving off-premises business with particular emphasis on growing our curbside operations. While dine-in remains our core business, off-premises represent an incremental revenue opportunity with attractive margins.

Underpinning all of this is our commitment to our people. Through the power of ONE, our goal is to hire, train, develop and retain the best team in the industry. In this labor market, retaining talent is a competitive advantage and drives the consistency that shows up in guest scores. Across the portfolio, we are investing in operational excellence, culinary innovation and targeted marketing, the same 3 pillars we talk about regularly. These are execution-driven initiatives, and they are within our control.

Priority two, capital-efficient growth with disciplined expansion. Our second priority is a capital-efficient growth, and we made meaningful progress in 2025. During the fourth quarter, we entered into 2 significant asset-light development agreements that demonstrate the scalability and appeal of our brands. We secured development rights for 10 Benihana and Benihana Express locations in California, representing the largest asset-light development agreement in the company's history. We also secured a commitment for an additional franchise Benihana location and a licensed Benihana Express location in the Florida East. These agreements allow us to accelerate growth in high-quality markets with sophisticated operators that are committed to our iconic brand while preserving our own capital. Benihana Express is a key element of our growth strategy. It delivers the Benihana food experience without the [indiscernible] at tables, making it more labor efficient and highly franchise friendly. This format gives us a scalable asset-light engine for future expansion.

We also continue expanding into nontraditional venues, particularly professional sports and entertainment stadiums. Today, we operate Benihana and STK concepts in high-traffic staging environments that generate millions of fan impressions annually, inspiring confidence in the flexibility and scalability of our concepts. These venues introduce our brands to a wide audience in a highly efficient format with limited capital investments and attractive high-margin royalty revenue. In the fourth quarter, we renewed our concession agreement at the Mortgage Matchup Center in Phoenix, home of the Suns and Mercury. The renewal extended our Benihana presence and creates an opportunity to introduce STK branded offerings. We also secured a new Benihana concession at UBS Arena in Elmont, New York, expanding our footprint in the New York metro area and complementing our existing presence at Yankee Stadium.

On the company-owned side, our fourth quarter openings delivered strong returns. We completed our first conversion of our RA Sushi to an STK in Scottsdale, Arizona. The results have been encouraging. This location converted in approximately 8 weeks at a build-out cost of about \$1 million, and it's currently operating at a run rate of approximately \$7 million in annual sales, delivering an increase of over \$4 million in sales and a return on investment on sales of approximately 4x. This validates our conversion strategy. We also opened a new STK in Oak Brook, Illinois for approximately \$1.5 million. Both locations exemplify our second-generation strategy focused on capital efficiency and rapid returns.

In 2026, we are maintaining the same level of capital discipline. We have already relocated our Kona Grill in San Antonio, Texas to a superior, smaller footprint location in January and converted a franchise Benihana in Monterrey, California to a company-owned in February as our franchise was looking to retire. Beyond physical expansion, we continue pursuing capital-light ways to extend our brands beyond the 4 walls of the restaurant, and the Benihana brand gives us a unique opportunity to do that thoughtfully. During the fourth quarter, we launched Benihana Branded Crispy Chicken Chips through a third-party partnership. This is a small disciplined way to extend the brand beyond the restaurant, increase awareness and test new channels without meaningful capital or operational complexity.

Priority three, portfolio optimization to improve returns. We have made significant progress improving our Grill portfolio. In 2025, we exited 6 underperforming RA Sushi and Kona Grill locations. While these decisions impacted near-term revenue, they improved the quality and returns of the portfolio overall. We have identified up to 5 additional Grill locations for conversion to Benihana or STK by the end of 2026. These locations closed of January 5, 2026, in preparation for conversion. We expect each conversion to cost between \$1 million and \$1.5 million and be EBITDA accretive, representing a compelling use of capital. Additionally, in January, we exited 1 RA Sushi location that did not fit our conversion criteria.

Priority four, maintaining balance sheet strength and flexibility. Our priority for 2026 is conserving cash and optimizing the balance sheet. We are significantly reducing discretionary capital expenditures, targeting company-owned development to projects require on an average \$1.5 million or less in build-out costs. We are also working through our existing lease pipeline rather than adding new commitments. This discipline gives us flexibility in an uncertain environment and position us to invest selectively in the highest return opportunities.

With that, I will turn the call over to Nicole to walk through the financials in more detail.

Nicole Thaung

Chief Financial Officer

Thank you, Manny. As a reminder, beginning this year, we're reporting financial information on a fiscal quarter basis using 4 13-week quarters with the addition of a 53rd week when necessary. For 2025, our fiscal year calendar began on January 1, 2025, and ended on December 28, 2025, and was comprised of 362 days. Our fourth quarter contained 91 days.

Let me start by discussing our fourth quarter financials in greater detail before introducing our outlook for the first quarter of '26 and fiscal year 2026. Total consolidated GAAP revenues were \$207 million, decreasing 6.7% from \$222 million for the same quarter last year. Included in total revenues were our company-owned restaurants net revenue of \$203 million, which decreased 6.8% from \$218 million for the prior year quarter. The decrease was primarily due to the change in the fiscal calendar, which resulted in a shift of New Year's Eve into fiscal year 2026. The impact of that shift accounts for approximately \$5.7 million or 37% of the decrease. The remaining decrease is attributable to a 1.8% reduction in consolidated comparable sales and the closure of underperforming restaurants from the prior year period.

Management licensed franchise and incentive fee revenues decreased slightly to \$4 million from \$4.1 million in the prior year quarter. The decrease is primarily due to lower management license and incentive fee revenue at our managed STK restaurants in North America. It is important to note that sales of our managed STK in Las Vegas have notably improved quarter-to-date. Additionally, we exited our management deal with STK Scottsdale and converted a former RA Sushi to a company-owned STK in that same market.

Now turning to expenses. As Manny noted, we continue to implement targeted cost management initiatives. Last year, we made strategic adjustments to our beef tenderloin sourcing and have contracted pricing through September 2026, eliminating our exposure to significant U.S. beef price fluctuations and providing significant cost certainty. We also optimized our labor structure across the business last year by improving scheduling management, and we are still realizing synergies from the Benihana acquisition. Company-owned restaurant cost of sales as a percentage of company-owned restaurant net revenue improved 80 basis points to 19.6% from 20.4%. This improvement was primarily due to additional integration synergies from our Benihana acquisition and strategic cost management, including our beef pricing. Company-owned restaurant operating expenses as a percentage of company-owned restaurant net revenue was 61.5%, flat compared to the prior year quarter. This reflects our disciplined cost management despite sales deleverage, investments in marketing and general cost inflation.

Restaurant operating profit, excluding Grill Concepts restaurants closed or to be closed was \$38.9 million or 19.5% of owned restaurant net revenue, improving by 10 basis points from 19.4% in the prior year quarter. On a total reported basis, general and administrative costs increased \$1.3 million to \$14.5 million from \$13.3 million in the same quarter prior year, driven by increased marketing expenses. When adjusting for stock-based compensation of \$1.1 million, adjusted general and administrative expenses were \$13.4 million compared to \$11.7 million in the fourth quarter of 2024. As a percentage of revenues, when adjusting for stock-based compensation, adjusted general and administrative costs were 6.5% compared to 5.3% in the prior year. Depreciation and amortization expense was \$11 million compared to \$11.4 million in the prior year quarter. This decrease reflects our disciplined capital allocation strategy.

During the quarter, we completed our regular assessment of the recoverability of the net book value of our fixed assets and intangible assets. A noncash impairment charge may be necessary when the net book value exceeds the future expected cash flows of the asset and can happen due to economic factors, end of lease or restaurant performance. As a result of this assessment, we identified 1 Kona Grill restaurant and the Kona Grill trade name that required impairment charges that totaled \$7.2 million, primarily related to the Grill portfolio optimization. Preopening expenses were approximately \$1.8 million, primarily related to the preopen rent for restaurants under development and payroll costs associated with the preopening training team as we prepare for restaurants scheduled to open in early 2026.

Preopening expenses decreased slightly by \$200,000 compared to the prior year period. Operating income was \$4.5 million compared to an operating income of \$12.1 million in the fourth quarter of 2024. Annual adjusted operating income, a non-GAAP measure, increased 15.2% to \$38 million from \$33 million, primarily due to the additional periods of Benihana operations. For a reconciliation, please refer to our press release issued earlier today. Interest expense was \$10.3 million compared to \$10.5 million in the prior year quarter. Provision for income taxes was \$600,000 compared to \$100,000 in the prior year quarter. Net loss attributable to The ONE Group Hospitality, Inc. was \$6.4 million compared to net income of \$1.6 million in the fourth quarter of 2024. The increase in net loss attributable to The ONE Group Hospitality, Inc. was primarily driven by the noncash impairment charges of \$7.2 million and exit costs associated with the Grill Concepts portfolio optimization.

Net loss available to common stockholders was \$15.3 million or \$0.49 net loss per share compared to \$5.9 million in the fourth quarter of 2024 or \$0.19 net loss per share. Adjusted EBITDA attributable to The ONE Group Hospitality was \$28.1 million compared to \$31 million in the prior year quarter, a decrease of 9.5%. We finished the quarter with \$4.7 million in cash and cash equivalents and restricted cash. We have \$27.2 million available under our revolving credit facility. As of quarter end, we had \$7 million outstanding on our revolving credit facility. Under current conditions, our term loan does not have a financial covenant.

Now I would like to provide some forward-looking commentary regarding our business. This commentary is subject to risks and uncertainties associated with the forward-looking statements as discussed in our SEC filings. We remind our investors that the actual number and timing of new restaurant openings for any given period is subject to factors outside of the company's control, including macroeconomic conditions, weather and factors under the control of landlords, contractors, licensees and regulatory and licensing authorities. Based on our information available now and our expectations as of today, we're also providing the following financial targets for fiscal year 2026. We project total GAAP revenues between \$840 million and \$855 million, which reflects our anticipation of consolidated comparable sales of 1% to 3%.

Management franchise and license revenues are expected to be between \$14 million and \$15 million; total company-owned operating expenses as a percentage of company-owned restaurant net revenue of approximately 82% to 83% and total general and administration costs, excluding stock-based compensation of approximately \$53 million; adjusted EBITDA of between \$100 million and \$110 million, restaurant preopening expenses of between \$5 million and \$6 million, an effective income tax rate of approximately 10%; total capital expenditures, net of allowances received from landlords of between \$38 million and \$42 million. And finally, we plan to open 6 to 10 new venues.

I will now turn the call back to Manny.

Emanuel Hilario

President, CEO & Director

Thank you, Nicole. Before we open up for questions, I want to emphasize how excited we are about the future of our business. Our future looks bright. With our strengthened portfolio and expanded franchise capabilities, we are well positioned to capture the significant opportunities ahead of us. We thank you for your continued support and look forward to sharing progress in the quarters ahead.

And as always, a special thanks to all our teammates all over the globe that live our mission every day, creating great guest memories by operating the best restaurant in every market that we operate in by delivering exceptional and unforgettable guest experiences to every guest every time. Nicole and I look forward to your questions. Operator?

Question-and-Answer Session

Operator

[Operator Instructions] Our first question comes from Allison Arfstrom with Piper Sandler.

Allison Arfstrom

Piper Sandler & Co., Research Division

This is Allison on for Brian Mullan. Just wanted to ask about Benihana first. What are the strategic priorities there for the balance of this year?

Emanuel Hilario

President, CEO & Director

Ali, our priority for Benihana right now continues to be marketing, working on digital, working on friends with benefits. So those are the primary strategies there. We've also continued to downsize the size of the menu. So continue to working on bringing a smaller sized menu. And then the other big piece continues to be operations and turn times and improving the -- frankly, just the turn times at the table and overall guest experience.

Operator

And the next question comes from Joe Gomes with NOBLE Capital.

Joseph Gomes

NOBLE Capital Markets, Inc., Research Division

Manny, I'm just wondering if you could just walk through a little bit here. When you -- third quarter call, you were optimistic about the fourth quarter. Obviously, you took the numbers down, the portfolio optimization and the calendar shift were known at the time you made your comments in the third quarter. So just trying to get a better feel when the consolidated comp sales improved by 4 percentage points during the quarter. What happened in the fourth quarter that I think the consensus numbers are more in the 220, 225 range for revenues and you guys came in at 207. What happened there?

Emanuel Hilario

President, CEO & Director

Yes. I think -- thanks, Joe. I think we've talked about that when we have preannounced the fourth quarter sales in -- at the ICR conference. But I think probably the differential came mostly with -- we did -- although the quarter was better sequentially in same-store sales, we thought we could get more out of the Benihana brand, particularly with table turns and the fact that we were expecting to bring them down all the way down to around 90 minutes. And the table turns ended up being closer to about 100, 105 minutes. So we weren't able to achieve the full, I would say, synergies that we wanted to do on table turns. So part of that is just because we were really learning how to operate the brand, and we just want to make sure that we preserve guest experience and didn't compromise the guest experience in favor of the table turn. So it was more of our own internal strategy of holding out to great guest experiences, and we weren't able to get to those turn times that we've got at Benihana.

Joseph Gomes

NOBLE Capital Markets, Inc., Research Division

Okay. And you talked about in your prepared remarks today, some significant cost synergies still from the Benihana acquisition. And I was wondering maybe you could give us a little more color as to what they would be. One would have thought that over the past, what, 18 months or so, you would have gotten most of those synergies. So what else is available there? What size are we talking about of potential synergies from the Benihana acquisition that are left?

Emanuel Hilario

President, CEO & Director

Yes. I mean, I think in the fourth quarter, you saw our COGS actually going sub 20%. So a really good mark for the company. And I think we've realized some of the initial synergies such as distribution, increasing our distribution sites, so synergy from distribution. I think we're still working on some of the finer points like, for instance, beef synergies in terms of getting bigger purchasing power. We've really been working on consolidating our beef purchases in the second half of last year. So I still think that there's some benefits of doing that. We've also consolidated a lot of other things that don't seem like a major thing, but like our rice purchases, and we changed our linen supplies and even our chemical supplies in the restaurants. So a lot of those things we work throughout 2025, but some of it actually was done in the third and fourth quarter last year.

So we think there is still some items that we will benefit for in 2026. And I think we talked in our prepared remarks about beef and our contracting of beef and how we went about. And that's one of the examples where we actually just leveraged from the fact that we have so much more tenderloin utilization as a combined company, we're able to leverage that actually to some very good and beneficial beef contracting.

Joseph Gomes

NOBLE Capital Markets, Inc., Research Division

Okay. And then just one more for me to get back in queue. Obviously, it's a situation that's totally in flux here. But given the recent world events, the significant increase in gas prices, have you seen any impact on traffic over the past couple of weeks? Or what are your kind of thoughts of how this potentially could be impact traffic going forward here for however long this happens to last?

Emanuel Hilario

President, CEO & Director

Yes. I mean, obviously, so far, I mean, our guidance that we issued today kind of is based on what we've seen throughout the first quarter of this year. But obviously, gas and it's really how long it's going to go, right? It's really a function of the term of the price being up on gas. So we're still very early on that. We're maybe a week, 2 weeks into it. So we haven't seen an impact. And really, my ultimate answer on that is it all depends on how long it actually lasts.

Operator

And the next question comes from Anthony Lebiedzinski with Sidoti & Company.

Anthony Lebieczinski*Sidoti & Company, LLC*

Just wondering if you guys saw any notable regional differences in traffic. I heard that Las Vegas did better, which is encouraging. But any sort of commentary on any -- on the different regions that you operate in?

Emanuel Hilario*President, CEO & Director*

I mean in the fourth quarter, I think coming out of the third quarter, I think that we had a bit of a difference in California, Texas and Florida, I think we talked about that. I think going into the fourth quarter, I think some of those gaps narrowed. So we didn't see as big differential coming out of those states.

As it comes to Vegas specifically, I just -- I mean, I just want to make sure that our Vegas comment is on our experience. So we're not per se talking about the overall market situation in Las Vegas and the strip. But I think for us, we did change a little bit of our marketing in Vegas in terms of our strategy of marketing out more to the suburbs and emphasizing that. So I think that's actually helped us, and it's been good for us. But again, I think the geographical differences that we saw in the third quarter narrowed down in the fourth. And so they were less significant for us in the fourth quarter.

Anthony Lebieczinski*Sidoti & Company, LLC*

Got it. And then in terms of the expected same-store sales guidance for the full year, how are you thinking about the pricing or average ticket versus traffic? Are you looking at any additional price increases? Or do you think this will be more volume-driven in terms of the same-store sales gain that you're expecting?

Emanuel Hilario*President, CEO & Director*

Yes. I mean a great question. Right now, value is paramount. And so our next contemplated pricing action would be into the fourth quarter, like we usually do going into the holiday season. We don't have any short-term pricing actions planned right now. But of course, we always monitor what happens with the environment and what's going out there. As I just commented, there's still some uncertainty on gas prices and stuff. So I can't say that something isn't going to happen because of just the flux in the environment. But right now, we're only planning fourth quarter action on pricing.

Anthony Lebieczinski

Sidoti & Company, LLC

Got you. Okay. And my last question, so you talked about the beef contracts. I was just wondering about other protein costs. How are you managing those? What's the outlook for that?

Emanuel Hilario

President, CEO & Director

Yes. I mean, another good question. So we're coming off -- last year, we saw pressure on frozen seafood because of tariffs. And we have to move around some of our sourcing for shrimp and particularly shrimp. And I think coming off, I think the tariff environment might be more favorable for us. So we might be able to pick up some efficiency in the seafood, frozen seafood category. I think the rest of the -- of our commodity basket outside of beef and seafood will probably go with the market.

Operator

And the next question comes from Mark Smith with Lake Street Capital.

Mark Smith

Lake Street Capital Markets, LLC, Research Division

I wanted to dig a little bit more into some of the conversions. Can you give us just a little more insight into maybe the time line on openings of some of these conversions?

Emanuel Hilario

President, CEO & Director

Yes. So right now, we have 5 restaurants that are closed that are in conversion mode. We are early construction on 1 or 2 of those right now. So our plan is to reopen them by July of 2026 of midyear plan to get them all back. They've all been designed. They're all in permitting. We were expediting. It's all going to really be determined by the permitting cycles on these and the actual construction cycle, we think, is going to be relatively short. So we're thinking maybe 6 to 8 weeks on the actual construction cycles. The only thing about when you converts to Benihana is we're converting with electrical tables and sometimes we do have to upgrade the electrical power for the property. So that could take another week to 2 weeks in the construction cycle. So I would say right now, our best projection on having them all back on would be July of this year.

Mark Smith

Lake Street Capital Markets, LLC, Research Division

Okay. And then just as we think about it, you've got really positive results from kind of initial conversion. I'm curious if there's anything that makes it maybe not repeatable with some of these other locations, just whether it's geography, footprint that you have. Just curious your thoughts around how repeatable some of these results are.

Emanuel Hilario

President, CEO & Director

I mean, because these are always obviously forward-looking statements and how you're looking out. I think we obviously always have to say that what we think and what actually happens may be different. But we took a lot of care and diligence in making sure that the real estate that we are converting actually met our views on quality real estate for the concept. So I think we mentioned that we actually have to pulled one of them down just because we didn't think it met our criteria. So we were very selective on those. And I think the quality of the real estate that we're converting is super high quality. And some of it is RA's. And we knew when we acquired the brand that these sites work have already kind of scoped this kind of -- while this would have been a really good fill in the blank location. So we feel -- we generally feel really good about the quality of the real estate. But like I said, it's forward-looking and there's always risks with it, but it's a really good portfolio of real estate.

Mark Smith

Lake Street Capital Markets, LLC, Research Division

Excellent. And then the last one for me is just you talked about what sounds like some good momentum here around comps into Q1 being slightly positive here. Curious your thoughts on consumer behavior and what's kind of driving some of this comp strength? Is it -- how much of this is maybe price increases that were recently taken versus people just feeling better and maybe spending a little more or having more traffic?

Emanuel Hilario

President, CEO & Director

Yes. I mean I think our sales momentum -- and again, it's been sequential. So this is like a continual building up on what we've done. I think it's really a function of the initiatives. And for us, it has been traffic. So value has been important. And I think we're now starting to really see the payback of continued focus on value. And then, of course, as I mentioned, Benihana is really an operational initiative in terms of working on the chef experience at the table. So I think these are things that are relatively directly correlated to our actions and plans.

I think in general, as we mentioned earlier, consumer confidence is still low, right? So it's not as if the confidence of the consumer has really shifted. It's more of value working in that environment as well as all the operations and marketing initiatives that we've done throughout the last, call it, 18 months. So it's more of an internal, I think, versus external impact on the sales. But as we mentioned earlier, we're super excited about the fact that we do have positive STK and positive Benihana working for us right now. And we've made significant improvement on just traffic at Benihana, I mean, at Kona Grill and RA. So we're feeling pretty optimistic about the year. As a matter of fact, our guidance for the full year does project that we feel that it can be a positive same-store sales year for us.

Operator

And the next question comes from Jim Sanderson with Northcoast Research.

James Sanderson

Northcoast Research Partners, LLC

I wanted to go back to your original comments about ideas to drive targeted traffic with product innovation. I think you've got the loyalty program. You also mentioned off-premises. I wonder if you could walk through how you plan to improve each of those opportunities and what that could generate for 2026?

Emanuel Hilario*President, CEO & Director*

Yes. I mean I think particularly on takeout and delivery, I think we're very early on potential there. I think we can really build that business up significantly. You're seen the product innovation on the Benihana side for takeout and delivery is we launched our version of Burritos, and that's done extremely well. So new products really can support the growth of that channel of business. And I think that's pretty exciting.

We also very early on loyalty. We rolled out our loyalty program in 2025, and we still very early getting organized with the program and learning how we can drive incremental traffic with the significant database of engaged guests that we have that. So we're very early on there. And then just in terms of product innovation, if you go to our restaurants, we're doing seasonal menus at all brands, including Benihana. So we've introduced products like Turkey on the holidays at Benihana, and we're -- have a significant amount of new ideas that we're introducing this year. So product innovation will continue to be a significant builder of the a la carte business for us. And then last but not least, we haven't talked about the event business, but the event business was very good for us in the fourth quarter of 2025, and we continue to invest in building that business up. As a matter of fact, we're now building infrastructure for Benihana, and we're starting to see some traction on actually marketing and selling group occasions at Benihana. So I think there's a whole new level of business that we can drive that way.

And I'm particularly excited in markets where we have an STK and the Benihana where somebody wants to do a big group event or -- and maybe they don't want to pay the STK price points. Now we're doing a lot more of packaging, a, maybe you can do the Benihana package, which is a little bit less of a price point. So we're starting to see some synergies, if you will, in convention cities at the L.A. of the world, even the Orlandos of the world, where maybe in Vegas where people may not be able to go all the way to the premium package with STK, and we're able to drive incremental sales with our other brands. So lots of excitement. So like you mentioned in execution table turns at Benihana continue to also be a big one for us. So we've got a lot of initiatives and strategies that we're working on to build same-store sales.

James Sanderson*Northcoast Research Partners, LLC*

All right. I was wondering, did you benchmark what your sales mix for delivery or off-premises is right now and how that could improve over time?

Emanuel Hilario*President, CEO & Director*

I mean I think we're like in the low double digits as a percentage of total sales on takeout delivery. I think our internal stretch goals is to try to bring the whole business up to 20%. That's kind of like the big arrival moment. But we're really early, particularly on takeout delivery is we're not as sophisticated on curbside as some of our other competitors are. And so that's one of the challenges I have out to the team this year is to really evolve the takeout delivery business to become more curbside versus dependent on third party. And I think that can really open up a whole new long-term revenue generator for us. I mean I think that if I look now versus pre-COVID in terms of even STK as a brand on takeout and delivery, it's been incredible to see the growth on that business and particularly driving that has been our emphasis on the burger program.

James Sanderson*Northcoast Research Partners, LLC*

All right. All right. Going back to your guidance for same-store sales for the year, the 1% to 3% positive, what's the price check baked into that forecast?

Emanuel Hilario*President, CEO & Director*

I think we have pricing right now around 5% to 6% for the whole year, and that's mostly coming out of the pricing that we did in the fourth quarter 2025, just rolling that out throughout the [indiscernible].

James Sanderson*Northcoast Research Partners, LLC*

All right. So you'll be able to carry through that mid-single-digit pricing pretty much through the rest of the year until you get to fourth quarter and you can decide.

Emanuel Hilario*President, CEO & Director*

Correct. Exactly.

James Sanderson*Northcoast Research Partners, LLC*

All right. I think you also have a guidance of about 100 to 200 basis points in store margin improvements on a consolidated basis. You've locked in, it sounds to me the bulk of your food costs are relatively stable. Is that primarily coming from sales leverage? And how does that change based on the way your sales grow or decline?

Emanuel Hilario

President, CEO & Director

Yes. I mean I think a piece of that is just the portfolio, right, rotating the grills that helps the margin. And I think all the other items that you mentioned there, the purchasing, walking and purchasing, I also think that, as I mentioned earlier, frozen seafood will help us get there. So I think it's a combination of the synergies that we still haven't realized frozen seafood walks into the beef and as well as just the portfolio strategy that we've done will be the biggest reasons.

James Sanderson

Northcoast Research Partners, LLC

Just a question on your unit development. Are you satisfied with the Grill Concepts, the store count you've got now? Or do you think you'll have to continue to prune that over time?

Emanuel Hilario

President, CEO & Director

I mean I think we -- I mean, I think we've kind of done the majority of the heavy lifting on that on the Grill. I think the ones that we have right now, they're specifically here because we've -- we really want to work that piece of the real estate. So we've kind of trimmed so far. And obviously, the only thing about the grills now is just as leases come up, we'll evaluate them on a single one. But I think all the onetime pruning and trimming has been done on the grills.

James Sanderson

Northcoast Research Partners, LLC

Okay. And how does that lease review process? Is that -- do you have a few every year? Or how should we look at that as far as the exposure to closures?

Emanuel Hilario

President, CEO & Director

We have about 1 or 2 every single -- 1 or 2 that come up at current. And so it's just part of the natural end of the cycle for the leasing.

James Sanderson

Northcoast Research Partners, LLC

All right. And I just wanted a question on G&A. I think you're guiding to about \$53 million. That's a bit of a step-up over prior year. Can you walk us through what's driving that dollar increase?

Emanuel Hilario

President, CEO & Director

I mean I think that our bonuses this year are not as significant as we like them to be. And so this year, I think we're building into our guidance and our outlook that we will be on target with our guidance and objectives for the year.

James Sanderson

Northcoast Research Partners, LLC

All right. Last question for me. I just wanted to go back to the idea of eventually refinancing your debt. Any thoughts on change in philosophy, attitude about the potential there with respect to interest expense?

Emanuel Hilario

President, CEO & Director

Working the balance sheet and creating shareholder value is always a top priority for us. And our revolver now is -- we've actually paid back the whole balance on the revolver. And so coming out of the year, our EBITDA, assuming that we were open for the whole 364 days is greater than \$92 million. And on a run rate, it's even more significant than that. So we do have a very financeable base of EBITDA, and we'll be looking at opportunities. So creating shareholder value and improving the balance sheet always a key priority for us.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Manny Hilario for any closing remarks.

Emanuel Hilario*President, CEO & Director*

Thank you, sir. I appreciate everybody taking time to join us today. And as I always do, I want to thank our team again for, frankly, incredible performance throughout the fourth quarter and this year already. So I appreciate everybody's commitment to the business and what we're working on, and I look forward to seeing you all out in our restaurants. Everybody, have a great day. Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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