

ONE Group Hospitality, Inc.
Form 10-Q
November 16, 2015

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 September 30, 2015

OR

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 000-52651

THE ONE GROUP HOSPITALITY, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

14-1961545
(I.R.S. Employer Identification No.)

411 W. 14th Street, 2nd Floor, New York, New York
(Address of principal executive offices)

10014
Zip Code

646-624-2400
(Registrant's telephone number, including area code)

Indicate by check mark whether 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 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
 (do not check if a smaller reporting company)

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

Number of shares of Common Stock outstanding as of November 16, 2015: 24,972,515.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements
THE ONE GROUP HOSPITALITY, INC.

CONSOLIDATED BALANCE SHEETS

	September 30, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$1,795,847	\$7,905,004
Accounts receivable, net	4,285,218	4,408,396
Inventory	1,066,565	1,139,305
Other current assets	2,616,828	1,937,392
Due from related parties	1,369,795	1,157,134
Total current assets	11,134,253	16,547,231
Property and equipment, net	26,199,351	18,815,625
Investments	2,991,607	2,802,443
Deferred tax assets	8,424,563	35,418
Other assets	789,219	793,002
Security deposits	2,357,978	2,368,422
Total assets	\$51,896,971	\$41,362,141
Liabilities and Stockholders' Equity		
Current liabilities:		
Cash overdraft	\$608,769	\$85,598
Current portion of long term debt	1,929,167	1,495,000
Accounts payable	3,046,999	3,433,198
Accrued expenses	4,979,840	2,004,704
Due to related parties	—	19,608
Deferred revenue	188,079	127,950
Total current liabilities	10,752,854	7,166,058
Other long-term liabilities	—	67,277
Derivative liability	2,324,000	6,241,000
Long term debt, net of current portion	9,079,020	5,980,000
Deferred rent payable	11,887,118	9,435,109
Total liabilities	34,042,992	28,889,444
Stockholders' equity:		
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 24,972,515 and 24,940,195 shares issued and outstanding at September 30, 2015 (unaudited) and December 31, 2014, respectively	2,497	2,494
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; 0 shares issued and outstanding at September 30, 2015 (unaudited) and December 31, 2014, respectively	—	—

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Additional paid-in capital	31,633,461	30,966,611
Accumulated deficit	(12,721,823)	(18,005,401)
Accumulated other comprehensive loss	(492,439)	(230,696)
Total stockholders' equity	18,421,696	12,733,008
Noncontrolling interest	(567,717)	(260,311)
Total stockholders' equity including noncontrolling interest	17,853,979	12,472,697
Total Liabilities and Stockholders' Equity	\$51,896,971	\$41,362,141

See notes to the consolidated financial statements.

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THE ONE GROUP HOSPITALITY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenues:				
Owned unit net revenues	\$13,314,507	\$10,444,821	\$35,818,733	\$28,722,921
Management and incentive fee revenue	1,939,376	1,945,363	6,112,629	6,207,523
Total revenue	15,253,883	12,390,184	41,931,362	34,930,444
Cost and expenses:				
Owned operating expenses:				
Food and beverage costs	3,346,841	2,811,806	9,082,231	7,482,382
Unit operating expenses	8,807,632	6,245,617	23,898,483	