

ONE Group Hospitality, Inc.
Form 10-Q
August 14, 2017

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 June 30, 2017

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 001-37379

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

Delaware 14-1961545
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

411 W. 14th Street, 2nd Floor, New York, New York 10014
(Address of principal executive offices) 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):

1

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

THE ONE GROUP HOSPITALITY, INC.

3

CONSOLIDATED BALANCE SHEETS

	June 30, 2017 (unaudited)	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	1,540,936	\$ 1,597,782
Accounts receivable, net	4,515,429	4,959,822
Inventory	1,412,091	1,308,851
Other current assets	1,743,819	1,811,787
Due from related parties, net	—	415,773
Total current assets	9,212,275	10,094,015
Property and equipment, net	39,067,118	36,815,239
Investments	2,957,278	3,065,557
Deferred tax assets	—	51,031
Security deposits	2,211,952	2,203,837
Other assets	733,593	661,936
Total assets	\$54,182,216	\$52,891,615
Liabilities and Stockholders' Equity		
Current liabilities:		
Cash overdraft	\$ 620,905	\$ 679,938
Long term debt, current portion	3,745,901	3,153,666
Accounts payable	6,166,044	3,761,823
Accrued expenses	6,139,657	5,549,638
Deferred license revenue	109,957	109,957
Due to related parties, net	359,302	—
Deferred revenue	403,221	612,574
Total current liabilities	17,544,987	13,867,596
Deferred license revenue, long-term	1,523,354	1,109,635
Due to related parties, long term	1,197,375	1,197,375
Long term debt, net of current portion	11,671,400	13,167,867
Deferred rent	17,044,305	16,170,605
Total liabilities	48,981,421	45,513,078
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 25,228,278 and 25,050,628 shares issued and outstanding at June 30, 2017 (unaudited) and December 31, 2016	2,522	2,505
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; 0 shares issued and outstanding at June 30, 2017 (unaudited) and December 31, 2016	—	—
Additional paid-in capital	37,928,645	37,384,243
Accumulated deficit	(30,465,407)	(27,763,194)
Accumulated other comprehensive loss	(1,460,419)	(1,543,951)
Total stockholders' equity	6,005,341	8,079,603

Edgar Filing: ONE Group Hospitality, Inc. - Form 10-Q

Noncontrolling interest	(804,546)	(701,066)
Total stockholders' equity including noncontrolling interest	5,200,795		7,378,537	
Total liabilities and stockholders' equity	\$54,182,216		\$52,891,615	

See notes to the consolidated financial statements.

4

THE ONE GROUP HOSPITALITY, INC.

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

5

Edgar Filing: ONE Group Hospitality, Inc. - Form 10-Q

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Owned unit net revenues	\$17,113,844	\$15,282,704	\$35,226,826	\$29,662,634
Management and incentive fee revenue	2,784,659	1,943,952	5,098,375	3,958,003
Total revenue	19,898,503	17,226,656	40,325,201	33,620,637
Cost and expenses:				
Owned operating expenses:				
Food and beverage costs	4,381			