ONE Group Hospitality, Inc. Form 10-O 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 $\circ _{1934}$

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 to

For the transition period from

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 \acute{y} 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 ý 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):

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

If an emerging growth company, indicate by a check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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

Number of shares of common stock outstanding as of August 14, 2017: 25,215,571.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

THE ONE GROUP HOSPITALITY, INC.

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS		
	June 30, 2017	December 31, 2016
	(unaudited)	2010
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	-
Liekilities and Staalshaldens' Equits		
Liabilities and Stockholders' Equity Current liabilities:		
	¢ 620 005	\$ 670 029
Cash overdraft	\$620,905 3,745,901	\$679,938 2 152 666
Long term debt, current portion	5,745,901 6,166,044	3,153,666
Accounts payable		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	<u> </u>
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 3	1, 2, 522	2,505
2016		,
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		(27,763,194)
Accumulated other comprehensive loss		(1,543,951)
Total stockholders' equity	6,005,341	8,079,603
1 -	, ,	, ,

Noncontrolling interest Total stockholders' equity including noncontrolling interest	(804,546 5,200,795) (701,066) 7,378,537
Total liabilities and stockholders' equity	\$54,182,216	\$52,891,615
See notes to the consolidated financial statements.		

THE ONE GROUP HOSPITALITY, INC.

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

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	Three Months Ended June		Six Months Ended June	
	30,		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:				

cost and expenses.	
Owned operating expenses:	
Food and beverage costs	4,381