

REFINITIV

# DELTA REPORT

## 10-Q

STKS - ONE GROUP HOSPITALITY, IN  
10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1060
CHANGES	214
DELETIONS	420
ADDITIONS	426

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, 2023** **March 31, 2024**

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**

(State or other jurisdiction of incorporation or  
organization)

**14-1961545**

(I.R.S. Employer Identification No.)

**1624 Market Street, Suite 311, Denver, Colorado**

(Address of principal executive offices)

**80202**

Zip Code

**646-624-2400**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	STKS	Nasdaq

Indicate by check mark whether the 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 for 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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☐

Accelerated filer ☒

Smaller reporting company ☒



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. ☐

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 **October 31, 2023** **April 30, 2024**: **31,273,343** **31,419,869**

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## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

**THE ONE GROUP HOSPITALITY, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share information)

	September 30, 2023 (Unaudited)	December 31, 2022	March 31, 2024 (Unaudited)	December 31, 2023
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 22,137	\$ 55,121	\$ 15,374	\$ 21,047
Accounts receivable	11,478	15,220	12,172	17,264

Inventory	5,923	5,728	5,395	6,184
Other current assets	2,093	2,091	4,646	1,809
Due from related parties	376	376	376	376
Total current assets	42,007	78,536	37,963	46,680
Property and equipment, net	125,408	94,087	147,304	139,908
Operating lease right-of-use assets	93,366	85,161	87,900	95,075
Deferred tax assets, net	13,320	12,323	15,141	14,757
Intangibles, net	15,310	15,290	15,305	15,306
Other assets	4,752	4,774	4,819	4,636
Security deposits	853	853	883	883
Total assets	\$ 295,016	\$ 291,024	\$ 309,315	\$ 317,245
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 11,751	\$ 13,055	\$ 15,819	\$ 19,089
Accrued expenses	24,197	22,409	31,525	28,333
Deferred gift card revenue and other	1,254	2,115	2,006	2,077
Current portion of operating lease liabilities	6,629	6,336	7,534	6,897
Current portion of long-term debt	1,375	1,500	1,856	1,500
Other current liabilities	259	256	310	266
Total current liabilities	45,465	45,671	59,050	58,162
Operating lease liabilities, net of current portion	115,999	105,247	113,191	120,481
Long-term debt, net of current portion	70,881	70,544	70,207	70,410
Other long-term liabilities	907	972	771	832
Total liabilities	233,252	222,434	243,219	249,885
Commitments and contingencies (Note 15)				
Commitments and contingencies (Note 14)				
Stockholders' equity:				
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 33,514,057 issued and 31,273,343 outstanding at September 30, 2023 and 32,829,995 issued and 31,735,423 outstanding at December 31, 2022	3	3		
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; no shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	—	—		
Treasury stock, 2,240,714 and 1,094,572 shares at cost at September 30, 2023 and December 31, 2022, respectively	(14,858)	(7,169)		
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 33,584,949 issued and 31,308,496 outstanding at March 31, 2024 and 33,560,428 issued and 31,283,975 outstanding at December 31, 2023			3	3
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; no shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			—	—
Treasury stock, 2,276,453 shares at cost at March 31, 2024 and December 31, 2023			(15,051)	(15,051)
Additional paid-in capital	57,083	55,583	59,504	58,270
Retained earnings	24,242	24,166	26,815	28,884
Accumulated other comprehensive loss	(2,999)	(2,869)	(2,998)	(2,930)
Total stockholders' equity	63,471	69,714	68,273	69,176
Noncontrolling interests	(1,707)	(1,124)	(2,177)	(1,816)
Total equity	61,764	68,590	66,096	67,360
Total liabilities and equity	\$ 295,016	\$ 291,024	\$ 309,315	\$ 317,245

See notes to the condensed consolidated financial statements.

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**THE ONE GROUP HOSPITALITY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
(Unaudited, in thousands, except income per share and related share information)

	For the three months ended September 30,		For the nine months ended September 30,		For the three months ended March 31,	
	2023	2022	2023	2022	2024	2023
<b>Revenues:</b>						
Owned restaurant net revenue	\$ 73,700	\$ 69,538	\$ 232,202	\$ 216,984	\$ 81,508	\$ 78,579
Management, license and incentive fee revenue	3,184	3,482	10,631	11,342	3,487	3,977
Total revenues	76,884	73,020	242,833	228,326	84,995	82,556
<b>Cost and expenses:</b>						
Owned operating expenses:						
Owned restaurant cost of sales	18,230	17,281	56,300	55,231	18,714	18,855
Owned restaurant operating expenses	46,372	43,136	141,983	126,818	49,638	46,827
Total owned operating expenses	64,602	60,417	198,283	182,049	68,352	65,682
General and administrative (including stock-based compensation of \$1,244, \$1,001, \$3,798, \$2,791 for the three and nine months ended September 30, 2023 and 2022, respectively)	7,280	6,447	22,803	20,587		
General and administrative (including stock-based compensation of \$1,358 and \$1,320 for the three months ended March 31, 2024 and 2023, respectively)					7,534	7,484
Depreciation and amortization	3,732	2,930	10,894	8,571	5,260	3,656
Pre-opening expenses	3,097	2,684	6,005	3,833	2,914	1,299
COVID-19 related expenses	—	—	—	2,534		
Lease termination expenses	—	—	—	255		
Transaction and exit costs					1,523	—
Other expenses	128	51	480	51	32	157
Total costs and expenses	78,839	72,529	238,465	217,880	85,615	78,278
Operating (loss) income	(1,955)	491	4,368	10,446	(620)	4,278
Other expenses, net:						
Interest expense, net of interest income	1,673	435	5,102	1,387	2,078	1,787
Total other expenses, net	1,673	435	5,102	1,387	2,078	1,787
(Loss) Income before provision for income taxes	(3,628)	56	(734)	9,059		
(Loss) income before provision for income taxes					(2,698)	2,491
(Benefit) provision for income taxes	(375)	(321)	(227)	721	(268)	161
Net (loss) income	(3,253)	377	(507)	8,338	(2,430)	2,330
Less: net loss attributable to noncontrolling interest	(155)	(105)	(583)	(117)	(361)	(276)
Net (loss) income attributable to The ONE Group Hospitality, Inc.	\$ (3,098)	\$ 482	\$ 76	\$ 8,455	\$ (2,069)	\$ 2,606
Currency translation loss	(112)	(87)	(130)	(348)	(68)	(70)
Comprehensive (loss) income attributable to The ONE Group Hospitality, Inc.	\$ (3,210)	\$ 395	\$ (54)	\$ 8,107	\$ (2,137)	\$ 2,536

Net (loss) income attributable to The ONE Group Hospitality, Inc. per share:						
Basic net (loss) income per share	\$	(0.10)	\$	0.01	\$	0.26
Diluted net (loss) income per share	\$	(0.10)	\$	0.01	\$	0.25
Shares used in computing basic (loss) income per share		31,515,011		32,663,549		31,657,761
Shares used in computing diluted (loss) income per share		31,515,011		33,921,498		32,537,572

See notes to the condensed consolidated financial statements.

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**THE ONE GROUP HOSPITALITY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(Unaudited, in thousands, except share information)

	Accumulated							Accumulated				
	Common stock		Additional		other		Noncontrolling	Common stock		Additional		Accumulated
	Shares	Par value	Treasury	paid-in	Retained	comprehensive		Shares	Par value	Treasury	paid-in	
Balance at December 31, 2023	31,283,975	\$ 3	\$(15,051)	\$ 58,270	\$ 28,884	\$ (2,930)						
Stock-based compensation		—	—	1,358	—	—						
Issuance of vested restricted shares, net of tax withholding	24,521	—	—	(124)	—	—						
Loss on foreign currency translation, net	—	—	—	—	—	(68)						
Net loss	—	—	—	—	(2,069)	—						
Balance at March 31, 2024	31,308,496	\$ 3	\$(15,051)	\$ 59,504	\$ 26,815	\$ (2,998)						
	Shares	Par value	stock	capital	Earnings	loss	equity	interests	Total			
Balance at December 31, 2022	31,735,423	\$ 3	\$ (7,169)	\$ 55,583	\$ 24,166	\$ (2,869)	\$ 69,714	\$ (1,124)	\$ 68,590	31,735,423	\$ 3	\$ (7,169)
Stock-based compensation	16,205	—	—	1,320	—	—	1,320	—	1,320	16,205	—	—

Issuance of vested restricted shares, net of tax withholding	247,536	—	—	(1,432)	—	—	(1,432)	—	(1,432)	247,536	—	—	(1,432)	—	—
Purchase of treasury stock	(118,085)		(735)	—	—	—	(735)	—	(735)	(118,085)		(735)	—	—	—
Loss on foreign currency translation, net	—	—	—	—	—	(70)	(70)	—	(70)	—	—	—	—	—	(70)
Net income (loss)	—	—	—	—	2,606	—	2,606	(276)	2,330	—	—	—	—	2,606	—
Balance at March 31, 2023	<u>31,881,079</u>	<u>\$ 3</u>	<u>\$ (7,904)</u>	<u>\$ 55,471</u>	<u>\$ 26,772</u>	<u>\$ (2,939)</u>	<u>\$ 71,403</u>	<u>\$ (1,400)</u>	<u>\$ 70,003</u>	<u>31,881,079</u>	<u>\$ 3</u>	<u>\$ (7,904)</u>	<u>\$ 55,471</u>	<u>\$ 26,772</u>	<u>\$ (2,939)</u>
Stock-based compensation	17,930	—	—	1,234	—	—	1,234	—	1,234						
Exercise of stock options and warrants	135,500	—	—	226	—	—	226	—	226						
Issuance of vested restricted shares, net of tax withholding	66,717	—	—	(370)	—	—	(370)	—	(370)						
Purchase of treasury stock	(478,992)	—	(3,418)	—	—	—	(3,418)	—	(3,418)						
Gain on foreign currency translation, net	—	—	—	—	—	52	52	—	52						
Net income (loss)	—	—	—	—	568	—	568	(152)	416						
Balance at June 30, 2023	<u>31,622,234</u>	<u>\$ 3</u>	<u>\$ (11,322)</u>	<u>\$ 56,561</u>	<u>\$ 27,340</u>	<u>\$ (2,887)</u>	<u>\$ 69,695</u>	<u>\$ (1,552)</u>	<u>\$ 68,143</u>						
Stock-based compensation	23,865	—	—	1,244	—	—	1,244	—	1,244						
Exercise of stock options	22,500	—	—	75	—	—	75	—	75						
Issuance of vested restricted shares, net of tax withholding	153,809	—	—	(797)	—	—	(797)	—	(797)						
Purchase of treasury stock	(549,065)	—	(3,536)	—	—	—	(3,536)	—	(3,536)						
Loss on foreign currency translation, net	—	—	—	—	—	(112)	(112)	—	(112)						

Net loss	—	—	—	—	(3,098)	—	(3,098)	(155)	(3,253)
Balance at									
September 30,									
2023	31,273,343	\$ 3	\$(14,858)	\$ 57,083	\$24,242	\$ (2,999)	\$ 63,471	\$ (1,707)	\$61,764
Balance at									
December 31,									
2021	32,125,762	\$ 3	\$(37)	\$ 53,481	\$10,632	\$ (2,645)	\$ 61,434	\$ (909)	\$60,525
Stock-based									
compensation	7,162	—	—	879	—	—	879	—	879
Issuance of									
vested									
restricted									
shares, net of									
tax									
withholding	127,413	—	—	(314)	—	—	(314)	—	(314)
Loss on									
foreign									
currency									
translation,									
net	—	—	—	—	—	(92)	(92)	—	(92)
Net income									
(loss)	—	—	—	—	3,670	—	3,670	(149)	3,521
Balance at									
March 31, 2022	32,260,337	\$ 3	\$(37)	\$ 54,046	\$14,302	\$ (2,737)	\$ 65,577	\$ (1,058)	\$64,519
Stock-based									
compensation	10,214	—	—	911	—	—	911	—	911
Exercise of									
stock options	13,261	—	—	28	—	—	28	—	28
Issuance of									
vested									
restricted									
shares, net of									
tax									
withholding	365,589	—	—	(1,242)	—	—	(1,242)	—	(1,242)
Loss on									
foreign									
currency									
translation,									
net	—	—	—	—	—	(169)	(169)	—	(169)
Net income	—	—	—	—	4,303	—	4,303	137	4,440
Balance at									
June 30, 2022	32,649,401	\$ 3	\$(37)	\$ 53,743	\$18,605	\$ (2,906)	\$ 69,408	\$ (921)	\$68,487
Stock-based									
compensation	11,293	—	—	1,001	—	—	1,001	—	1,001
Issuance of									
vested									
restricted									
shares, net of									
tax									
withholding	71,034	—	—	(397)	—	—	(397)	—	(397)
Purchase of									
treasury stock	(500,000)	—	(3,503)	—	—	—	(3,503)	—	(3,503)



Loss on										
foreign										
currency										
translation,										
net	—	—	—	—	—	(87)	(87)	—	(87)	
Net income										
(loss)	—	—	—	—	482	—	482	(105)	377	
Balance at										
September 30,										
2022	32,231,728	\$ 3	\$ (3,540)	\$ 54,347	\$ 19,087	\$ (2,993)	\$ 66,904	\$ (1,026)	\$ 65,878	

See notes to the condensed consolidated financial statements.

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**THE ONE GROUP HOSPITALITY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited, in thousands)

	For the nine months ended September 30,		For the three months ended March 31,	
	2023	2022	2024	2023
<b>Operating activities:</b>				
Net (loss) income	\$ (507)	\$ 8,338	\$ (2,430)	\$ 2,330
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	10,894	8,571	5,260	3,656
Non-cash exit costs			263	—
Stock-based compensation	3,798	2,791	1,358	1,320
Amortization of debt issuance costs	558	279	185	186
Deferred taxes	(997)	217	(384)	(3)
Changes in operating assets and liabilities:				
Accounts receivable	3,730	2,971	5,080	4,638
Inventory	(195)	(1,073)	789	731
Other current assets	56	1,380	(2,837)	(262)
Security deposits	—	48	—	(2)
Other assets	(403)	(494)	(408)	(246)
Accounts payable	(1,720)	(841)	(1,433)	(1,667)
Accrued expenses	(2,067)	(7,784)	4,433	(4,160)
Operating lease liabilities and right-of-use assets	2,840	2,607	522	611
Other liabilities	(759)	(674)	(20)	(511)
Net cash provided by operating activities	15,228	16,336	10,378	6,621
<b>Investing activities:</b>				
Purchase of property and equipment	(38,411)	(21,309)	(15,795)	(11,852)
Net cash used in investing activities	(38,411)	(21,309)	(15,795)	(11,852)
<b>Financing activities:</b>				
Borrowings of long-term debt	—	5,000		

Repayments of long-term debt and financing lease liabilities	(458)	(375)	(68)	(229)
Exercise of stock options and warrants	301	28		
Tax-withholding obligation on stock-based compensation	(1,835)	(1,953)	(124)	(156)
Purchase of treasury stock	(7,689)	(3,503)	—	(735)
Net cash used in financing activities	(9,681)	(803)	(192)	(1,120)
Effect of exchange rate changes on cash	(120)	(361)	(64)	(71)
Net decrease in cash and cash equivalents	(32,984)	(6,137)	(5,673)	(6,422)
Cash and cash equivalents, beginning of period	55,121	23,614	21,047	55,121
Cash and cash equivalents, end of period	\$ 22,137	\$ 17,477	\$ 15,374	\$ 48,699
<b>Supplemental disclosure of cash flow data:</b>				
Interest paid, net of capitalized interest	\$ 5,051	\$ 1,056	\$ 26	\$ 1,969
Income taxes paid	\$ 312	\$ 293	\$ 61	\$ 15
Accrued purchases of property and equipment	\$ 8,684	\$ 4,355	\$ 9,506	\$ 4,235

See notes to the condensed consolidated financial statements.

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**THE ONE GROUP HOSPITALITY, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**Note 1 – Summary of Business and Significant Accounting Policies**

**Summary Description of Business**

The ONE Group Hospitality, Inc. and its subsidiaries (collectively, the “Company”) is an international restaurant company that develops, owns and operates, manages and licenses upscale and polished casual, high-energy restaurants and lounges and provides turn-key food and beverage (“F&B”) services and consulting services for hospitality venues including hotels, casinos and other high-end locations. Turn-key F&B services are food and beverage services that can be scaled, customized and implemented by the Company at a particular hospitality venue and customized for the client. The As of March 31, 2024, the Company's primary restaurant brands are STK, a multi-unit steakhouse concept that combines a high-energy, social atmosphere with the quality and service of a traditional upscale steakhouse, and Kona Grill, a polished casual bar-centric grill concept featuring American favorites, award-winning sushi, and specialty cocktails in a polished casual atmosphere.

As of September 30, 2023 March 31, 2024, the Company owned, operated, managed, or licensed 64 63 venues, including 25 28 STKs and 26 27 Kona Grills in major metropolitan cities in North America, Europe and the Middle East and 13 8 F&B venues in seven four hotels and casinos in the United States and Europe. For those restaurants and venues that are managed or licensed, the Company generates management fees based on top-line revenues and incentive fee revenue based on a percentage of the location's revenues and profits.

**Basis of Presentation**

The accompanying condensed consolidated balance sheet as of December 31, 2022 December 31, 2023, which has been derived from audited financial statements, and the accompanying unaudited interim condensed consolidated financial statements (“condensed consolidated financial statements”) of the Company have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and in accordance with accounting principles generally accepted in the United States U.S. (“GAAP”). Certain information and footnote disclosures normally included in annual audited financial statements have been omitted pursuant to SEC rules and regulations. These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

In the Company's opinion, the accompanying unaudited interim financial statements reflect all adjustments (consisting only of normal recurring accruals and adjustments) necessary for a fair presentation of the results for the interim periods presented. The results of operations for any interim period are not necessarily indicative of the results expected for the full year. Additionally, the Company believes that the disclosures are sufficient for interim financial reporting purposes.

#### Recent Accounting Pronouncements

In June 2016, November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses ASU No. 2023-07, "Segment Reporting (Topic 326) 280): Measurement of Credit Losses on Financial Instruments. This update requires companies improvements to measure credit losses utilizing a methodology that reflects expected credit losses Reportable Segment Disclosure." The ASU updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and requires a consideration of a broader range of reasonable and supportable information used to estimate credit losses, assess segment performance. The ASU 2016-13 is effective for smaller reporting companies for fiscal years beginning after December 15, 2022. Effective, January 1, 2023 December 15, 2023, with early adoption permitted. The Company is evaluating the impact of adopting this ASU on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The ASU includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company implemented is evaluating the impact of adopting this ASU 2016-13. The implementation did not have a material impact on the Company's financial statements, its disclosures.

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#### Note 2 – Property and Equipment, **Net**

Property and equipment, net consist of the following (in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Furniture, fixtures and equipment	\$ 39,844	\$ 33,372	\$ 49,744	\$ 49,753
Leasehold improvements	99,562	89,121	134,127	130,136
Less: accumulated depreciation	(56,371)	(47,528)	(63,526)	(60,128)
Subtotal	83,035	74,965	120,345	119,761
Construction in progress	39,482	16,276	23,524	17,044
Restaurant smallwares	2,891	2,846	3,435	3,103
Total	\$ 125,408	\$ 94,087	\$ 147,304	\$ 139,908

Depreciation related to property and equipment was \$3.6 million \$5.3 million and \$2.9 million \$3.6 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$10.6 million and \$8.3 for the nine months ended September 30, 2023 and 2022, 2023, respectively. The Company depreciates construction in progress upon such assets being placed into service.

#### Note 3 – Intangibles, **Net**

Intangibles, net consists of the following (in thousands):

	September 30, 2023	December 31, 2022
Indefinite-lived intangible assets		
Kona Grill trade name	\$ 17,400	\$ 17,400
Finite-lived intangible assets	101	75
Less: accumulated amortization	(2,191)	(2,185)

Total intangibles, net	\$ 15,310	\$ 15,290
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Finite-lived intangible assets are amortized using the straight-line method over their estimated useful life of 10 years. Amortization expense was nominal for both the three months ended September 30, 2023 and 2022. Amortization expense was nominal and \$0.2 million for the nine months ended September 30, 2023 and 2022, respectively. The Company's estimated aggregate amortization expense for each of the five succeeding fiscal years is a nominal amount annually.

#### Note 43 – Accrued Expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Payroll and related	\$ 4,702	\$ 5,249	\$ 5,385	\$ 5,655
Construction on new restaurants	4,773	1,903		
Interest			4,705	2,396
New restaurant construction			4,529	6,318
Legal, professional and other services			4,492	1,364
VAT and sales taxes	3,503	4,118	3,985	4,238
Amounts due to landlords	2,404	2,949	2,529	2,753
Legal, professional and other services	767	626		
Insurance	462	742	316	545
Income taxes and related	637	156	90	30
Interest	777	268		
Other <sup>(1)</sup>	6,172	6,398	5,494	5,034
Total	\$ 24,197	\$ 22,409	\$31,525	\$ 28,333

(1) Amount primarily relates to recurring restaurant operating expenses.

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#### Note 54 – Long-Term Debt

Long-term debt consists of the following (in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Term loan agreements	\$ 24,000	\$ 24,250	\$23,750	\$ 23,750
Revolving credit facility	—	—	—	—
Delayed draw term facility	50,000	50,000	49,750	49,750
Total long-term debt	74,000	74,250	73,500	73,500
Less: current portion of long-term debt	(1,375)	(1,500)	(1,856)	(1,500)
Less: debt issuance costs	(1,744)	(2,206)	(1,437)	(1,590)
Total long-term debt, net of current portion	\$ 70,881	\$ 70,544	\$70,207	\$ 70,410

Interest expense net for the Company's debt arrangements, excluding the amortization of debt issuance costs and other discounts and fees, was \$1.8 \$2.0 million for both the three months ended March 31, 2024 and \$0.4 million 2023. Capitalized interest was \$0.3 million for the three months ended September 30, 2023 and 2022, respectively, and \$5.6 million and \$1.1 million for the nine months ended September 30, 2023 and 2022, respectively.

Capitalized March 31, 2024. There was no capitalized interest was \$0.5 million and \$1.1 million for the three and nine months ended September 30, 2023, respectively. Capitalized interest was \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2022, respectively, March 31, 2023.

As of September 30, 2023 March 31, 2024, the Company had \$1.4 million in standby letters of credit outstanding for certain restaurants and \$10.6 million available in its revolving credit facility, subject to certain conditions.

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*Credit and Guaranty Agreement*

On October 4, 2019, in conjunction with the acquisition of Kona Grill, the Company entered into a credit agreement with Goldman Sachs Bank USA (the "Credit Agreement"). On August 6, 2021, the Company entered into the Third Amendment to the Credit Agreement to extend the maturity date for both the term loan and revolving credit facility to August 2026, to eliminate all financial covenants except a maximum net leverage ratio of 2.00 to 1.00, and to eliminate restrictions on the maximum amount of capital expenditures, the maximum number of Company-owned new locations, and credit extensions under the revolving credit facility. As amended, the Credit Agreement provides for a secured revolving credit facility of \$12.0 million and a \$25.0 million term loan (reduced from \$48.0 million). The term loan is payable in quarterly installments of \$0.1 million, with the final payment due in August 2026.

On December 13, 2022, the Company entered into the Fourth Amendment to the Credit Agreement that:

- Allows for a new \$50.0 million delayed draw term facility, available to draw for twelve months and subject to a 1.75x Net Leverage Ratio incurrence test (as defined in the Credit Agreement) for permitted acquisitions, stock repurchases and new restaurant capital expenditures;
- Allows the Company to redeem, repurchase or otherwise acquire its own capital stock in an aggregate amount of up to \$50 million subject to a 1.75x Net Leverage Ratio incurrence test and no default or event of default; and
- Changed Changes the interest rate from London Interbank Offered Rate ("LIBOR" LIBOR) plus a margin to Secured Overnight Financing Rate ("SOFR") plus an applicable margin.

The Company borrowed \$50.0 million on the delayed draw term facility on December 28, 2022. The delayed draw term loan is payable in quarterly installments of \$0.25 million beginning March 31, 2024 December 31, 2023, with the final payment due in August 2026.

Loans under the amended Credit Agreement bear interest at a rate per annum using the SOFR rate subject to a 1.00% floor plus an interest rate margin of 6.50%.

The Company's weighted average interest rate on the borrowings under the amended Credit Agreement as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was 12.40% 12.15% and 10.31% 12.40%, respectively.

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The Credit Agreement contains customary representations, warranties and conditions to borrowing including customary affirmative and negative covenants, among other things, that limit or restrict the Company's ability to incur indebtedness and other obligations, grant liens to secure obligations, make investments, merge or consolidate, alter the organizational structure of the Company and its subsidiaries, and dispose of assets outside the ordinary course of business, in each case subject to customary exceptions for credit facilities of this size and type.

The Company and certain operating subsidiaries of the Company guarantee the obligations under the amended Credit Agreement, which also are secured by liens on substantially all of the assets of the Company and its subsidiaries.

As of **September 30, 2023** **March 31, 2024**, the Company had **\$1.7** **\$1.4** million of debt issuance costs related to the amended Credit Agreement, which were capitalized and are recorded as a direct deduction to long-term debt and **\$0.4 million** **\$0.3 million** in debt issuance costs recorded in Other Assets on the condensed consolidated balance sheets. As of **September 30, 2023** **March 31, 2024**, the Company was in compliance with the financial covenants required by the Credit Agreement.

#### Note **6** – Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, inventory, accounts payable and accrued expenses are carried at cost, which approximates fair value. **value due to their short maturities.** Long-lived assets are measured and disclosed at fair value on a nonrecurring basis if an impairment is identified. There were no long-lived assets measured at fair value as of **September 30, 2023** **March 31, 2024**.

The Company's long-term debt, including the current portion, is carried at cost on the condensed consolidated balance sheets. **Fair** **The fair** value of long-term debt, including the current portion, is valued using Level 2 inputs including current applicable rates for similar instruments and approximates the carrying value of such obligations.

#### Note **7** – Income Taxes

Income taxes are recorded at the Company's estimated annual effective income tax rate, subject to adjustments for discrete events, should they occur. The Company recorded a benefit for income taxes of **\$0.3 million for the first quarter of 2024 compared to income**

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tax expense of \$0.2 million for the **nine months ended September 30, 2023 compared to income tax expense first quarter of \$0.7 million for the nine months ended September 30, 2022, 2023.** The Company's effective income tax rate including discrete events was **30.9%** **9.9%** for the **nine three** months ended **September 30, 2023** **March 31, 2024** compared to **8.0%** **6.5%** for the **nine three** months ended September 30, 2022. The increase in the effective income tax rate is primarily the result of discrete items in comparison to lower pre-tax book income for the period. The Company's projected annual effective tax rate for fiscal year 2023 is expected to be approximately 5.0% **March 31, 2023.** The Company's projected annual effective tax rate differs from the statutory U.S. tax rate of 21% primarily due to the following: (i) tax credits for FICA taxes on certain employees' tips (ii) taxes owed in foreign jurisdictions with tax rates that differ from the U.S. statutory rate; (iii) taxes owed in state and local jurisdictions; and (iv) the tax effect of non-deductible compensation. **The income** **Income tax (benefit)** provision recorded for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** included the discrete period tax benefits resulting from the vesting of restricted stock units.

The Company is subject to U.S. federal, state, local and various foreign income taxes for the jurisdictions in which it operates. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. In the normal course of business, the Company is subject to examination by the federal, state, local and foreign taxing authorities. There are no ongoing federal, state, local, or foreign tax examinations as of **September 30, 2023** **March 31, 2024.**

#### Note **8** – Revenue **from Contracts with Customers** **Recognition**

The following table provides information about **contract** **liabilities, from contracts with customers,** which include deferred license revenue, deferred gift card revenue, **advanced party deposits and** the Konavore rewards program **and deposits from customers for future events** (in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Deferred license revenue <sup>(1)</sup>	\$ 238	\$ 297	\$ 206	\$ 218
Deferred gift card and gift certificate revenue <sup>(2)</sup>	\$ 791	\$ 1,680	\$ 1,315	\$ 1,716
Advanced party deposits <sup>(2)</sup>	\$ 463	\$ 435	\$ 691	\$ 361
Konavore rewards program <sup>(3)</sup>	\$ 170	\$ 163	\$ 182	\$ 177

<sup>(1)</sup> Includes the current and long-term portion of deferred license **revenue, revenue which are included in other current liabilities and other long-term liabilities on the condensed consolidated balance sheets.**

- (2) Deferred gift card revenue and advance party deposits on goods and services yet to be provided are included in deferred gift card revenue and other on the condensed consolidated balance sheets.

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- (3) Konavore rewards program is included in accrued expenses on the condensed consolidated balance sheets.

Revenue recognized during the period from contract liabilities as of the preceding fiscal year end date is as follows (in thousands):

	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
Revenue recognized from deferred license revenue	\$ 60	\$ 60	\$ 12	\$ 20
Revenue recognized from deferred gift card revenue	\$ 1,121	\$ 1,126	\$ 595	\$ 571
Revenue recognized from advanced party deposits	\$ 278	\$ 243	\$ 361	\$ 271

The estimated deferred license revenue to be recognized in the future related to performance obligations that are unsatisfied as of September 30, 2023 March 31, 2024 were as follows for each year ending (in thousands):

2023, three months remaining	\$ 19	
2024	45	
2024, nine months remaining		\$ 32
2025	44	44
2026	37	37
2027	34	34
2028		34
Thereafter	59	25
Total future estimated deferred license revenue	\$ 238	\$ 206

## Note 9 – Leases

The components of lease expense for the nine months ended September 30, 2023 and 2022 are as follows (in thousands):

	September 30, 2023	September 30, 2022
Lease cost		
Operating lease cost	\$ 12,104	\$ 10,999
Finance lease cost		
Amortization of ROU assets	155	—
Interest on lease liabilities	62	—
Total finance lease cost	217	—
Variable lease cost (1)	8,499	7,707
Short-term lease cost	805	650
Total lease cost	\$ 21,625	\$ 19,356
Weighted average remaining lease term		
Operating leases	13 years	13 years

Finance leases	4 years	—
Weighted average discount rate		
Operating leases	8.63 %	8.37 %
Finance leases	9.07 %	— %

(1) Variable lease cost is comprised of percentage rent and common area maintenance.

Supplemental cash flow information related to leases for the period was as follows (in thousands):

	September 30, 2023	December 31, 2022
Finance lease right-of-use assets (1)	\$ 868	\$ 942
Current portion of finance lease liabilities (1)	206	177
Long-term portion of finance lease liabilities (1)	722	754

(1) Finance lease assets and liabilities are included in other assets, other current liabilities, and other long-term liabilities on the consolidated balance sheet.

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### Note 8 – Leases

The components of lease expense for the three months ended March 31, 2024 and 2023 were as follows (in thousands):

	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 10,760	\$ 9,896		
Operating cash flows from finance leases	\$ 155	\$ —		
Financing cash flows from finance leases	\$ 208	\$ —		
Right-of-use assets obtained in exchange for lease obligations:				
Lease cost				
Operating lease cost			\$ 4,289	\$ 3,894
Finance lease cost				
Amortization of ROU assets			55	51
Interest on lease liabilities			19	21
Total finance lease cost			74	72
Variable lease cost (1)			3,089	2,610
Short-term lease cost			316	275
Total lease cost			\$ 7,768	\$ 6,851
Weighted average remaining lease term				
Operating leases	\$ 9,039	\$ 3,709	13 years	13 years
Finance leases	\$ 81	\$ —	4 years	5 years
Weighted average discount rate				
Operating leases			8.79 %	8.45 %
Finance leases			9.16 %	9.01 %

(1) Variable lease cost is comprised of percentage rent and common area maintenance.

The components of finance lease assets and liabilities on the condensed consolidated balance sheet were as follows (in thousands):



	March 31, 2024	December 31, 2023
Finance lease right-of-use assets (1)	\$ 794	\$ 850
Current portion of finance lease liabilities (1)	266	222
Long-term portion of finance lease liabilities (1)	609	658

(1) Finance lease assets and liabilities are included in other assets, other current liabilities, and other long-term liabilities on the condensed consolidated balance sheet.

Supplemental cash flow information related to leases for the period was as follows (in thousands):

	March 31, 2024	March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 4,171	\$ 3,472
Operating cash flows from finance leases	\$ 55	\$ 51
Financing cash flows from finance leases	\$ 68	\$ 104
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ —	\$ 3,178
Finance leases	\$ —	\$ 41

The Company has entered into **three** **six** operating leases for future restaurants that have not commenced as of **September 30, 2023** **March 31, 2024**. The present value of the aggregate future commitment related to these leases **net of tenant improvement allowances received from the landlord, is estimated to be \$5.7 million totals \$6.8 million**. The Company expects these leases, which have an initial lease **terms** **term** of 10 years, **and two 5-year options**, to commence within the next twelve months.

During the three months ended March 31, 2024, the Company decided not to renew the lease for STK Westwood, which will terminate within the next twelve months. As a result, the right-of-use asset was reduced by \$5.5 million, and the right-of-use liability decreased \$5.7 million.

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As of **September 30, 2023** **March 31, 2024**, maturities of the Company's operating lease liabilities are as follows (in thousands):

2023, three months remaining	\$ (1,183)
2024	14,656
2025	16,497
2026	16,562
2027	16,968
Thereafter	<u>157,319</u>
Total lease payments	220,819
Less: imputed interest	<u>(98,191)</u>
Present value of operating lease liabilities	<u>\$ 122,628</u>

  

2024, nine months remaining	\$ 6,721
2025	16,669
2026	16,278
2027	16,671
2028	16,977

Thereafter	146,779
Total lease payments	220,095
Less: imputed interest	(99,370)
Present value of operating lease liabilities	<u>\$ 120,725</u>

As of **September 30, 2023** **March 31, 2024**, maturities of the Company's finance lease liabilities are as follows (in thousands):

2023	\$	127	
2024		254	
2024, nine months remaining			\$ 265
2025		254	266
2026		254	266
2027		212	221
Total lease payments		1,101	1,018
Less: imputed interest		(173)	(143)
Present value of finance lease liabilities	\$	928	\$ 875

#### Note 109 – Earnings Per Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period and income available to common stockholders. Diluted earnings per share is computed using the weighted average number of common shares outstanding during the period plus the dilutive effect of potential shares of common stock including common stock issuable pursuant to stock options, warrants, and restricted stock units.

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For the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023, the** net (loss) income per share was calculated as follows (in thousands, except net (loss) income per share and related share data):

	Three months ended September 30,		Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Net (loss) income attributable to The ONE Group Hospitality, Inc.	\$ (3,098)	\$ 482	\$ 76	\$ 8,455	\$ (2,069)	\$ 2,606
Basic weighted average shares outstanding	31,515,011	32,663,549	31,657,761	32,496,780	31,306,417	31,677,232
Dilutive effect of stock options, warrants and restricted share units	—	1,257,949	879,811	1,565,881	—	1,320,519
Diluted weighted average shares outstanding	31,515,011	33,921,498	32,537,572	34,062,661	31,306,417	32,997,751
Net income available to common stockholders per share - Basic	<u>\$ (0.10)</u>	<u>\$ 0.01</u>	<u>\$ —</u>	<u>\$ 0.26</u>		
Net income available to common stockholders per share - Diluted	<u>\$ (0.10)</u>	<u>\$ 0.01</u>	<u>\$ —</u>	<u>\$ 0.25</u>		
Net (loss) income available to common stockholders per share - Basic					<u>\$ (0.07)</u>	<u>\$ 0.08</u>

Net (loss) income available to common stockholders per share - Diluted	\$ (0.07)	\$ 0.08
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For the three months ended September 30, 2023, March 31, 2024 and 2022, 0.7 million, 1.2 million and a nominal amount, 0.1 million, respectively, of stock options, warrants and restricted share units were determined to be anti-dilutive and were therefore excluded from the calculation of diluted earnings per share. For the nine months ended September 30, 2023 and 2022, a nominal amount of stock options, warrants and restricted share units were anti-dilutive.

## Note 11.10 – Stockholder's Equity

### Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock with a par value of \$0.0001. There were no shares of preferred stock that were issued or outstanding at September 30, 2023, March 31, 2024 or December 31, 2022, December 31, 2023.

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### Common Stock

#### Stock Purchase Program

In September 2022, the Company's Board of Directors authorized a repurchase program of up to \$10.0 million of outstanding common stock. That program was completed in December 2023. In May 2023, March 2024, the Company's Board of Directors authorized an additional \$5.0 million to repurchases under this program. During the first quarter ended September 30, 2023, the Company purchased 0.5 million shares for aggregate consideration of \$3.5 million. As of September 30, 2023, the Company repurchased 2.2 million shares for \$14.8 million under the program. The repurchase program was completed in October 2023 with the repurchase of 0.2 million in shares. 2024.

## Note 12.11 – Stock-Based Compensation and Warrants

As of September 30, 2023, March 31, 2024, the Company had 3,297,571, 3,723,300 shares available for issuance under the 2019 Equity Incentive Plan ("2019 Equity Plan").

Stock-based compensation cost was \$1.2 million and \$1.0 million for the three months ended September 30, 2023, March 31, 2024 and 2022, respectively. 2023 was \$1.4 million and \$3.8 million and \$2.8 million for the nine months ended September 30, 2023 and 2022, \$1.3 million, respectively. Stock-based compensation is included in general and administrative expenses in the condensed consolidated statements of operations and comprehensive income. Included in stock-based compensation cost for the three months ended March 31, 2024 and 2023, was \$0.1 million and \$0.4 million of cost related to stock granted to directors for the three and nine months ended September 30, 2023 compared to \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2022, respectively. Such grants were awarded consistent with the Board of Director's compensation practices. Stock-based compensation for both the three and nine months ended September 30, 2023, March 31, 2024 and 2023 included \$0.2 million and \$0.6 million, respectively, of compensation costs for performance stock units that contain both a market condition and time element ("PSUs").

#### Stock Option Activity

Stock options in the vesting of table below include both time based and market condition-based awards. Changes in stock options during the three months ended March 31, 2024 were as follows:

	Shares	Weighted average exercise price	Weighted average remaining contractual life	Intrinsic value (thousands)
Outstanding and Exercisable at December 31, 2023	673,942	\$ 2.35	3.24 years	\$ 2,540
Granted	—	—		
Exercised	—	\$ —		
Cancelled, expired or forfeited	—	—		
Outstanding and Exercisable at March 31, 2024	673,942	\$ 2.35	2.99 years	\$ 2,169

All outstanding stock options are fully vested.

#### Restricted Stock Unit Activity

The Company issues restricted stock units ("RSUs") under the 2019 Equity Plan. The fair value of time-based RSUs is determined based upon the closing fair market value of the Company's common stock on the grant date.

A summary of the status of RSUs and changes during the three months ended March 31, 2024 is presented below:

	Shares	Weighted average grant date fair value
Non-vested RSUs at December 31, 2023	1,020,556	\$ 8.08
Granted	15,000	5.62
Vested	(206,985)	7.06
Cancelled, expired or forfeited	(21,114)	7.98
Non-vested RSUs at March 31, 2024	807,457	\$ 8.30

As of March 31, 2024, the Company had approximately \$5.3 million of unrecognized compensation costs related to RSUs, which will be recognized over a weighted average period of 1.8 years.

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#### Performance Stock Unit Activity

The Company issues performance stock units ("PSUs") under the 2019 Equity Plan. PSUs in the table below includes both time based and market condition-based awards and are valued using the Monte Carlo Simulation.

A summary of the status of PSUs and changes during the three months ended March 31, 2024 is presented below:

	Shares	Weighted average grant date fair value
Non-vested PSUs at December 31, 2023	375,000	\$ 5.89
Granted	—	—
Vested	—	—
Cancelled, expired or forfeited	—	—
Non-vested PSUs at March 31, 2024	375,000	\$ 5.89

As of March 31, 2024, the Company had approximately \$1.8 million of unrecognized compensation costs related to PSUs, which will be recognized over a weighted average period of 2.4 years.

### Stock Option Activity

Stock options in the table below include both time-based and market condition-based awards. Changes in stock options during the nine months ended September 30, 2023 were as follows:

	Shares	Weighted average exercise price	Weighted average remaining contractual life	Intrinsic value (thousands)
Outstanding and Exercisable at December 31, 2022	1,187,352	\$ 3.43	2.84 years	\$ 3,811
Granted	—	—		
Exercised	(33,000)	\$ 2.95		
Cancelled, expired or forfeited	—	—		
Outstanding and Exercisable at September 30, 2023	1,154,352	\$ 3.44	2.07 years	\$ 2,373

### Restricted Stock Unit Activity

The Company issues restricted stock units under the 2019 Equity Plan. RSUs in the table below include both time-based and market condition-based awards. The fair value of time-based RSUs is determined based upon the closing fair market value of the Company's common stock on the grant date.

RSU awards granted during September 2022 included 500,000 RSUs awarded to our Chief Executive Officer with both a market condition and time element (the "CEO RSUs"). The CEO RSUs may be earned based on achieving common stock price targets within a 48-month period and, if earned, the CEO RSUs will vest and be settled based on a time element as outlined in the RSU agreement governing the CEO RSUs. To value the CEO RSUs, the Company, with the assistance of a third-party specialist, calculated the fair value of CEO RSUs using the Monte Carlo Simulation, a risk-free rate of 3.31%, a starting common stock value of \$6.95, volatility of 73%, and a standard normal distribution. The Company valued the CEO RSUs at \$2.9 million and will amortize this amount evenly over 48 months. Stock-based compensation for the three and nine months ended September 30, 2023 included \$0.2 million and \$0.6 million, respectively, of compensation costs for these awards.

A summary of the status of RSUs and changes during the nine months ended September 30, 2023 is presented below:

	Shares	Weighted average grant date fair value
Non-vested RSUs at December 31, 2022	1,839,432	\$ 6.62
Granted	442,618	7.59
Vested	(819,169)	5.42
Cancelled, expired or forfeited	(70,341)	6.53
Non-vested RSUs at September 30, 2023	1,392,540	\$ 7.62

As of September 30, 2023, the Company had approximately \$9.3 million of unrecognized compensation costs related to both time-based and market condition-based RSUs, which will be recognized over a weighted average period of 2.4 years.

### Warrants

During the three months ended June 30, 2023, warrants to purchase 125,000 shares of common stock at an exercise price of \$1.63 per share were exercised. There were no warrants outstanding as of September 30, 2023.

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### Note 13.12 – Segment Reporting

The Company has identified its reportable operating segments as follows:

- **STK.** The STK segment consists of the results of operations from STK restaurant locations, competing in the full-service dining industry, as well as management, license and incentive fee revenue generated from the STK brand and pre-opening expenses associated with new STK restaurants under development.
- **Kona Grill.** The Kona Grill segment includes the results of operations of Kona Grill restaurant locations and pre-opening expenses associated with new Kona Grill restaurants under development.
- **ONE Hospitality.** The ONE Hospitality segment is composed of the management, license and incentive fee revenue and results of operations generated from the Company's other brands and venue concepts, not including STK or Kona Grill, which include ANGEL, Bao Yum, Heliot, Hideout, Radio and Rivershore Bar & Grill. Additionally, this segment includes the results of operations generated from F&B hospitality management agreements with hotels, casinos and other high-end locations.
- **Corporate.** The Corporate segment consists of the following: general and administrative costs, stock-based compensation, lease termination expenses, transaction costs COVID-19 related expenses and other income and expenses. This segment also includes STK Meat Market, an e-commerce platform that offers signature steak cuts nationwide the Company's major off-site events group, which supports all brands and venue concepts, and revenue generated from gift card programs. The Corporate segment's total assets primarily include cash and cash equivalents, the Kona Grill trademark, and deferred tax assets.

The Company's Chief Executive Officer, who is the Company's Chief Operating Decision Maker, ("CODM"), manages the business and allocates resources via a combination of restaurant sales reports and operating segment profit information, defined as revenues less operating expenses, related to the Company's four operating segments.

Certain financial information relating to the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 for each segment is provided below (in thousands).

	STK	Kona Grill	ONE Hospitality	Corporate	Total	STK	Kona Grill	ONE Hospitality	Corporate	Total
For the three months ended										
September 30, 2023										
For the three months ended										
March 31, 2024										
Total revenues	\$ 43,709	32,775	345	55	76,884	\$ 54,450	30,149	301	95	84,995
Operating income (loss)	\$ 6,003	(444)	(131)	(7,383)	(1,955)	\$ 8,860	(503)	(145)	(8,832)	(620)
Capital asset additions <sup>(1)</sup>	\$ 8,775	6,012	8	(280)	14,515	\$ 13,010	2,587	25	173	15,795
For the nine months ended										
September 30, 2023										
Total revenues	\$ 143,420	97,961	1,188	264	242,833					
Operating income (loss)	\$ 26,957	910	(174)	(23,325)	4,368					
Capital asset additions <sup>(1)</sup>	\$ 19,730	17,427	34	1,220	38,411					
As of September 30, 2023										
As of March 31, 2024										
Total assets	\$ 132,050	96,185	5,361	61,420	295,016	\$ 154,991	96,194	2,021	56,109	309,315

	STK	Kona Grill	ONE Hospitality	Corporate	Total	STK	Kona Grill	ONE Hospitality	Corporate	Total
For the three months ended										
September 30, 2022										
For the three months ended										
March 31, 2023										
Total revenues	\$ 42,347	30,069	483	121	73,020	\$ 51,138	30,909	401	108	82,556
Operating income (loss)	\$ 6,448	259	216	(6,432)	491	\$ 12,096	(25)	(46)	(7,747)	4,278
Capital asset additions	\$ 5,788	2,761	58	611	9,218					
For the nine months ended										
September 30, 2022										
Total revenues	\$ 131,865	94,756	1,340	365	228,326					
Operating income (loss)	\$ 28,379	5,094	377	(23,404)	10,446					
Capital asset additions	\$ 13,122	6,029	111	2,047	21,309					

As of December 31, 2022										
Capital asset additions <sup>(1)</sup>						\$ 4,277	6,476	21	1,078	11,852
As of December 31, 2023										
Total assets	\$ 113,911	78,691	5,746	92,676	291,024	\$153,769	97,840	5,868	59,768	317,245

(1) Capital asset additions for the Corporate segment include furniture, fixtures, and equipment for restaurants that the Company plans to open in the future. future.

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### Note 14 13 – Geographic Information

Certain financial information by geographic location is provided below (in thousands).

	For the three months ended September 30,		For the nine months ended September 30,		For the three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Domestic revenues	\$ 75,990	\$ 71,860	\$ 239,663	\$ 224,596	\$ 83,965	\$ 81,459
International revenues	894	1,160	3,170	3,730	1,030	1,097
Total revenues	\$ 76,884	\$ 73,020	\$ 242,833	\$ 228,326	\$ 84,995	\$ 82,556

	September 30,	December 31,	March 31,	December 31,
	2023	2022	2024	2023
Domestic long-lived assets	\$ 251,254	\$ 211,143	\$269,834	\$ 269,052
International long-lived assets	1,755	1,345	1,518	1,513
Total long-lived assets	\$ 253,009	\$ 212,488	\$271,352	\$ 270,565

### Note 15 14 – Commitments and Contingencies

The Company is party to claims in lawsuits incidental to its business, including lease disputes and employee-related matters. The Company has recorded accruals when necessary, in its condensed consolidated financial statements in accordance with ASC 450, Contingencies. 450. While the resolution of a lawsuit, proceeding or claim may have an impact on the Company's financial results for the period in which it is resolved, in the opinion of management, the ultimate outcome of such matters and judgements in which the Company is currently involved, either individually or in the aggregate, will not have a material adverse effect on the Company's condensed consolidated financial position or results of operations or cash flows. operations.

### Note 15 – Subsequent Events

On May 1, 2024, the Company acquired 100% of the issued and outstanding equity interests of Safflower Holdings Corp. from Safflower Holdings LLC for \$365.0 million., subject to customary adjustments (the "Acquisition"). Safflower Holdings Corp. beneficially owns most of the Benihana restaurants, as well as all of the RA Sushi restaurants, in the United States. It also franchises Benihana locations in the U.S., Latin America (excluding Mexico) and the Caribbean. The Company expects the Acquisition will accelerate and diversify its revenue growth.

In connection with the Acquisition, on May 1, 2024, the Company sold and issued to (a) HPC III Kaizen LP, for \$150.0 million cash, subject to a 5% original issuance discount, 150,000 shares of Preferred Stock, a warrant to purchase 1,786,582 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 1,000,000 shares of Common Stock of the Company for an exercise price of \$10.00 per share and (b) to the HPS Investors, for \$10 million cash in the aggregate, subject to a 5% original issuance discount, securities allocated among the HPS Investors as follows: (i) to HPS Special Situations Opportunity Fund II, L.P., 4,309 shares of such Preferred Stock in book-entry form, a warrant to purchase 51,236 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 28,729 shares of Common Stock of the Company for an exercise price of \$10.00 per share, (ii) to SSOF II BH US Subsidiary, L.P., 3,691 shares of such Preferred Stock in book-entry form, a warrant to purchase 43,957 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 24,604 shares of Common Stock of the Company for an exercise price of \$10.00 per share, (iii) to HPS Corporate Lending Fund, 1,000 shares of such Preferred Stock in book-entry form, a warrant to purchase 11,911 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 6,667 shares of Common Stock of the Company for an exercise price of \$10.00 per share, and (iv) to HPS Corporate Capital Solutions Fund, 1,000 shares of such Preferred Stock in book-entry form, a warrant to purchase 11,911 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 6,667 shares of Common Stock of the Company for an exercise price of \$10.00 per share, in each case of clauses (a) and (b), in a private placement exempt from registration under the Securities Act of 1933, as amended (the "Preferred Stock Financing").

The Preferred Stock will be non-voting and non-convertible; will have compounding dividends that begin at a rate of 13.0% per annum and increase over time at specified intervals; will be subject to optional redemption by the Company and mandatory redemption following specified events and in certain circumstances upon the exercise by the holders of a majority of the outstanding shares of Preferred Stock of an option to deliver written notice to the Company to require redemption, in each case, for specified prices; and will grant certain consent rights for the holders of a majority of the outstanding shares of Preferred Stock for specified matters.

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Additionally, in connection with the Acquisition, on May 1, 2024, the Company entered into a credit agreement (the "Credit and Guarantee Agreement") with Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., HPS Investment Partners, LLC and HG Vora Capital Management, LLC (collectively, the "Initial Lenders"). The Credit and Guarantee Agreement provides a \$350.0 million senior secured term loan facility (the "Term Loan Facility") and a \$40.0 million senior secured revolving credit facility (the "Revolving Facility", and together with the Term Loan Facility, the "Facilities"), up to \$10.0 million of which will be available in the form of letters of credit. On May 1, 2024, the Company borrowed \$350.0 million under the Term Loan Facility and the Revolving Facility was undrawn.

The Term Loan Facility is not subject to a financial covenant and the Revolving Facility's financial covenant will apply only after 35% of the Revolving Facility's capacity has been drawn.

The Term Loan Facility will bear interest at a margin over a reference rate selected at the option of the borrower. The margin for the Term Loan Facility will be 6.5% per annum for SOFR borrowings and 5.5% per annum for base rate borrowings. The Term Loan Facility will mature on the fifth anniversary of the date of the related loan agreement. The Term Loan Facility is payable in quarterly installments commencing with fiscal quarter ending September 30, 2024, and are 1% per annum for the first year (through June 30, 2025), then 2.5% per annum for the next two years (through June 2027), then 5% per annum thereafter through maturity on April 30, 2029.

The Revolving Facility will bear interest at a margin over a reference rate selected at the option of the borrower. The margin for the Revolving Facility will be set quarterly based on the Company's Consolidated Net Leverage Ratio for the preceding four fiscal quarter period and will range from 5.5% to 6.0% per annum for SOFR borrowings and 4.5% to 5.0% for base rate borrowings. The Revolving Facility will mature on the date that is fifty-four months after the date of the related loan agreement.

The Term Loan Facility and the proceeds from the Preferred Stock Financing were used to finance the Acquisition as well as refinance the Company's existing Credit Agreement with Goldman Sachs Specialty Lending Group, L.P. and Goldman Sachs Bank USA (the "Refinancing") and to pay fees and expenses in connection with the Acquisition, the Refinancing, the Preferred Stock Financing and incurrence of the Facilities.

Transaction costs related to the Acquisition were approximately \$1.2 million for the three months ended March 31, 2024.



Disclosures regarding purchase accounting and supplemental pro forma financial information required under ASC Topic 805, "Business Combinations" have been excluded from this Quarterly Report on Form 10-Q. Disclosure of such information has been deemed impracticable by management due primarily to the short timeframe to obtain the necessary information from the acquired company, apply various valuation methodologies and prepare the information for this filing. The purchase accounting and related disclosures will be included in the Company's Quarterly Report on Form 10-Q for the six months ending June 30, 2024 and finalized within the one-year measurement period permitted under ASC 805.

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## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q and certain information incorporated herein by reference contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). Forward-looking statements speak only as of the date thereof and involve risks and uncertainties that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include the risk factors discussed under Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. A number of factors could cause actual results or outcomes to differ materially from those indicated by such forward-looking statements, including but not limited to: (1) 1) our ability to integrate the new restaurants into our operations without disruptions to operations; (2) our ability to capture anticipated synergies; (3) our ability to open new restaurants and food and beverage locations in current and additional markets, grow and manage growth profitably, maintain relationships with suppliers and obtain adequate supply of products and retain our key employees; (2) (4) factors beyond our control that affect the number and timing of new restaurant openings, including weather conditions and factors under the control of landlords, contractors and regulatory and/or licensing authorities; (3) (5) our ability to successfully improve performance and cost, realize the benefits of our marketing efforts and achieve improved results as we focus on developing new management and license deals; (4) (6) changes in applicable laws or regulations; (5) (7) the possibility that The ONE Group the Company may be adversely affected by other economic, business, and/or competitive factors; (8) risks related to the Acquisition, including the additional indebtedness incurred in connection with the Acquisition and (6) our ability to successfully integrate the acquired restaurants and (9) other risks and uncertainties. uncertainties indicated from time to time in our filings with the Securities and Exchange Commission. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "ongoing," "could," "estimates," "expects," "intends," "may," "appears," "suggests," "future," "likely," "goal," "plans," "potential," "projects," "predicts," "should," "targets," "would," "will" and similar expressions that convey the uncertainty of future events or outcomes. You should not place undue reliance on any forward-looking statement. We do not undertake any obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required under applicable law.

### General

This information should be read in conjunction with the condensed consolidated financial statements and the notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

As used in this report, the terms "Company," "we," "our," or "us," refer to The ONE Group Hospitality, Inc. and its consolidated subsidiaries, taken as a whole, unless the context otherwise indicates.

### Business Summary

We are an international restaurant company that develops, owns and operates, manages and licenses upscale and polished casual, high-energy restaurants and lounges and provides turn-key food and beverage ("F&B") services and consulting service for hospitality venues including hotels, casinos and other high-end locations. Turn-key F&B services are food and beverage services that can be scaled, customized and implemented by us for the client at a particular hospitality venue. Our vision is to be a global market leader in the hospitality industry by melding high-quality service, ambiance, high-energy and cuisine into one great experience that we refer to as "Vibe Dining". We design all our restaurants, lounges and F&B services to create a social dining and high-energy

entertainment experience within a destination location. We believe that this design and operating philosophy separates us from more traditional restaurant and foodservice competitors.

Our As of March 31, 2024, our primary restaurant brands are were STK, a multi-unit steakhouse concept that combines a high-energy, social atmosphere with the quality and service of a traditional upscale steakhouse, and Kona Grill, a polished casual bar-centric grill concept featuring American favorites, award-winning sushi, and specialty cocktails in a polished casual atmosphere. Our F&B hospitality management services are marketed as ONE Hospitality and include developing, managing and operating restaurants, bars, rooftop lounges, pools, banqueting and catering facilities, private dining rooms, room service and mini bars tailored to the specific needs of high-end hotels and casinos. We also provide hospitality advisory and consulting services to certain clients. Our F&B hospitality clients operate global hospitality brands such as the W Hotel, ME Hotel and Hippodrome Casino, and Curio Collection by Hilton. For those restaurants and venues that are managed or licensed, we generate management fee revenue based on top-line revenues and incentive fee revenue based on a percentage of the location's revenues and net profits. Casino.

We opened our first restaurant in January 2004 in New York, New York. As of October 31, 2023 March 31, 2024, we owned, operated, managed or licensed 64 63 venues including 25 28 STKs and 27 Kona Grills in major metropolitan cities in North America, Europe and the Middle East and 12 F&B venues operated under ONE Hospitality in six hotels and casinos throughout the United States and Europe. In

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October 2023, we consolidated STK operations and 8 F&B venues operated under ONE Hospitality in London, United Kingdom to STK Strand four hotels and STK Stratford which resulted casinos in the closure of United States and Europe. In February 2024, we exited our operations within the Westminster London Hotel, licensing agreement with REEF Kitchens and have no venues operating pursuant to that agreement.

As our footprint increases, we expect to benefit by leveraging system-wide operating efficiencies and best practices through the management of our general and administrative expenses as a percentage of overall revenue.

We intend to open six to eight new STK or Kona Grill venues in 2023. The six venues that have 2024. In March 2024, we opened thus far in 2023 are below:the following:

- Owned Kona Grill restaurant in Columbus, Ohio
- Owned Kona Grill restaurant in Riverton, Utah
- Owned STK restaurant in Charlotte, North Carolina
- Owned Kona Grill restaurant in Phoenix, Arizona
- Two Bao Yum venues through a licensing agreement with Reef Kitchens Washington DC

There are is currently three one Company-owned STK restaurants restaurant, one Company-owned Kona Grill restaurant, and one company-owned Salt Water Social restaurant under construction in the following cities:

- Owned STK restaurant in Boston, Massachusetts Aventura, Florida
- Owned STK Kona Grill restaurant in Salt Lake City, Utah Tigard, Oregon
- Owned STK Salt Water Social restaurant in Washington, D.C. Denver, Colorado

The table below reflects our current venues by restaurant brand and geographic location: location as of March 31, 2024:

	Venues				Venues			
	STK <sup>(1)</sup>	Kona Grill	ONE Hospitality <sup>(2)</sup>	Total	STK <sup>(1)</sup>	Kona Grill	ONE Hospitality <sup>(2)</sup>	Total
<b>Domestic</b>								
Owned	14	27	2	43	17	27	2	46
Managed	2	—	1	3	2	—	1	3
Licensed	1	—	3	4	1	—	—	1
Total domestic	17	27	6	50	20	27	3	50
<b>International</b>								
Owned	—	—	1	1	—	—	1	1
Managed	4	—	5	9	4	—	4	8

Licensed	4	—	—	4	4	—	—	4
Total international	8	—	6	14	8	—	5	13
<b>Total venues</b>	<b>25</b>	<b>27</b>	<b>12</b>	<b>64</b>	<b>28</b>	<b>27</b>	<b>8</b>	<b>63</b>

(1) Locations with an STK and STK Rooftop are considered one venue location. This includes the STK Rooftop in San Diego, CA, which is a licensed location.

(2) Includes concepts under the Company's F&B hospitality management agreements and other venue brands such as **ANGEL**, Bao Yum, Heliot, Hideout, Radio and Rivershore Bar & Grill.

## Our Growth Strategies and Outlook

Our growth model is primarily driven by the following:

- Expansion of our STK and Kona Grill **Restaurants** restaurants
- Expansion through **New new F&B Hospitality Projects** hospitality projects
- Increase **Same Store Sales** same store sales and **Increase Our Operating Efficiency** increase our operating efficiency
- Acquisitions

## Benihana Acquisition and Related Financings

On May 1, 2024, the Company acquired 100% of the issued and outstanding equity interests of Safflower Holdings Corp. from Safflower Holdings LLC for \$365.0 million., subject to customary adjustments (the "Acquisition"). Safflower Holdings Corp. beneficially owns most of the Benihana restaurants, as well as all of the RA Sushi restaurants, in the United States. It also franchises Benihana locations in the U.S., Latin America (excluding Mexico) and the Caribbean.

In connection with the Acquisition, on May 1, 2024, the Company sold and issued to (a) HPC III Kaizen LP, for \$150.0 million cash, subject to a 5% original issuance discount, 150,000 shares of Preferred Stock, a warrant to purchase 1,786,582 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 1,000,000 shares of Common Stock of the Company for an exercise price of \$10.00 per share and (b) to the HPS Investors, for \$10 million cash in the aggregate, subject to a 5% original issuance discount, securities allocated among the HPS Investors as follows: (i) to HPS Special Situations Opportunity Fund II, L.P., 4,309 shares of such Preferred Stock in book-entry form, a warrant to purchase 51,236 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 28,729 shares of Common Stock of the Company for an exercise

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price of \$10.00 per share , (ii) to SSOF II BH US Subsidiary, L.P., 3,691 shares of such Preferred Stock in book-entry form, a warrant to purchase 43,957 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 24,604 shares of Common Stock of the Company for an exercise price of \$10.00 per share, (iii) to HPS Corporate Lending Fund, 1,000 shares of such Preferred Stock in book-entry form, a warrant to purchase 11,911 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 6,667 shares of Common Stock of the Company for an exercise price of \$10.00 per share, and (iv) to HPS Corporate Capital Solutions Fund, 1,000 shares of such Preferred Stock in book-entry form, a warrant to purchase 11,911 shares of Common Stock of the Company for an exercise price of \$0.01 per share, and a warrant to purchase 6,667 shares of Common Stock of the Company for an exercise price of \$10.00 per share, in each case of clauses (a) and (b), in a private placement exempt from registration under the Securities Act of 1933, as amended.

The Preferred Stock will be non-voting and non-convertible; will have compounding dividends that begin at a rate of 13.0% per annum and increase over time at specified intervals; will be subject to optional redemption by the Company and mandatory redemption following specified events and in certain circumstances upon the exercise by the holders of a majority of the outstanding shares of Preferred Stock of an option to deliver written notice to the Company to require redemption, in each case, for specified prices; and will grant certain consent rights for the holders of a majority of the outstanding shares of Preferred Stock for specified matters.

Additionally, in connection with the Acquisition, on May 1, 2024, the Company entered into a credit agreement with Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., HPS Investment Partners, LLC and HG Vora Capital Management, LLC. The Credit and Guarantee Agreement provides a \$350.0 million senior secured term loan facility and a \$40.0 million senior secured revolving credit facility, up to \$10.0 million of which will be available in the form of letters of credit. On May 1, 2024, the Company borrowed \$350.0 million under the Term Loan Facility and the Revolving Facility was undrawn.

Refer to Note 15 to our condensed consolidated financial statements set forth in Item 1 of this Quarterly Report on Form 10-Q for further information regarding the preferred stock financing and new credit facility.

## Executive Summary

Total revenues increased \$3.9 \$2.4 million, or 5.3% 3.0% to \$76.9 \$85.0 million for the three months ended September 30, 2023 March 31, 2024 compared to \$73.0 \$82.6 million for the three months ended September 30, 2022 March 31, 2023 primarily due to the opening of four six new venues since August 2022 (STK San Francisco, STK Dallas, Kona Grill Columbus and Kona Grill Riverton). Same store July 2023. Same-store sales decreased 3.0% 7.9% in the third first quarter of 2023 2024 compared to the third first quarter of 2022 2023. STK same store sales decreased 5.5% 6.8% while Kona Grill same store sales increased 1.1%. Compared to 2019, our pre-pandemic base year, same store sales for the third quarter of 2023 increased 41.7% compared to the third quarter of 2019; STK same store sales increased 61.0%, which consisted of a 40.0% increase in traffic and a 21.0% increase in average check, while Kona Grill same store sales increased 23.7% decreased 9.7%.

Restaurant operating profit was \$9.1 million increased \$0.3 million, or 2.0% to \$13.2 million for both the three months ended September 30, 2023 March 31, 2024 compared to \$12.9 million for the three months ended March 31, 2023. Restaurant operating profit as a percentage of owned restaurant net revenue was 16.1% in the first quarter of 2024 compared to 16.4% in the first quarter of 2023. The change in margin is attributable to deleverage of fixed operating costs from lower same store sales, higher average wage and September 30, 2022. operating cost inflation partially offset by cost reduction initiatives.

Operating income decreased \$2.5 million \$4.9 million to an operating loss of \$2.0 million \$0.6 million for the three months ended September 30, 2023 March 31, 2024 compared to operating income of \$0.5 million \$4.3 million for the three months ended September 30, 2022 March 31, 2023. The change is primarily due attributed to higher pre-opening expenses depreciation and amortization and preopening costs associated with new restaurant openings and transaction costs related to the increased number of venue openings in 2023, increased depreciation expense associated with four venues opened since August 2022 and higher labor costs driven by wage inflation and investments in human capital in anticipation of growth.

Total revenues increased \$14.5 million, or 6.4% to \$242.8 million for the nine months ended September 30, 2023 compared to \$228.3 million for the nine months ended September 30, 2022. Restaurant operating profit decreased \$1.0 million to \$33.9 million for the nine months ended September 30, 2023 compared to restaurant operating profit of \$34.9 million for the nine months ended September 30, 2022. For the nine months ended September 30, 2023, operating income was \$4.4 million compared to \$10.4 million for the nine months ended September 30, 2022, primarily due to higher pre-opening expenses associated with the increased number of venue openings in 2023 compared to 2022, increased depreciation expense associated with the incremental number of new restaurants and investments in human capital for new restaurants expected to open in the next six months.

Typically, the third quarter is our lowest revenue quarter of the year due to seasonality of our business. We have implemented several initiatives to improve restaurant operating profit and overall profitability of our company. These initiatives are focused on purchasing efficiencies for both food and operating supplies, maximizing productivity through smart scheduling, evaluating third-party vendor relationships and reducing travel costs. We believe these initiatives will improve profitability without impacting the guest experience.

### Acquisition.

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## Results of Operations

The following table sets forth certain statements of operations data for the periods indicated (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,		For the three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Revenues:						
Owned restaurant net revenue	\$ 73,700	\$ 69,538	\$ 232,202	\$ 216,984	\$ 81,508	\$ 78,579
Management, license and incentive fee revenue	3,184	3,482	10,631	11,342	3,487	3,977
Total revenues	76,884	73,020	242,833	228,326	84,995	82,556
Cost and expenses:						
Owned operating expenses:						

Owned restaurant cost of sales	18,230	17,281	56,300	55,231	18,714	18,855
Owned restaurant operating expenses	46,372	43,136	141,983	126,818	49,638	46,827
Total owned operating expenses	64,602	60,417	198,283	182,049	68,352	65,682
General and administrative (including stock-based compensation of \$1,244, \$1,001, \$3,798, \$2,791 for the three and nine months ended September 30, 2023 and 2022, respectively)	7,280	6,447	22,803	20,587		
General and administrative (including stock-based compensation of \$1,358 and \$1,320 for the three months ended March 31, 2024 and 2023, respectively)					7,534	7,484
Depreciation and amortization	3,732	2,930	10,894	8,571	5,260	3,656
Pre-opening expenses	3,097	2,684	6,005	3,833	2,914	1,299
COVID-19 related expenses	—	—	—	2,534		
Lease termination expenses	—	—	—	255		
Transaction and exit costs					1,523	—
Other expenses	128	51	480	51	32	157
Total costs and expenses	78,839	72,529	238,465	217,880	85,615	78,278
Operating (loss) income	(1,955)	491	4,368	10,446	(620)	4,278
Other expenses, net:						
Interest expense, net of interest income	1,673	435	5,102	1,387	2,078	1,787
Total other expenses, net	1,673	435	5,102	1,387	2,078	1,787
(Loss) Income before provision for income taxes	(3,628)	56	(734)	9,059		
(Loss) income before provision for income taxes					(2,698)	2,491
(Benefit) provision for income taxes	(375)	(321)	(227)	721	(268)	161
Net (loss) income	(3,253)	377	(507)	8,338	(2,430)	2,330
Less: net loss attributable to noncontrolling interest	(155)	(105)	(583)	(117)	(361)	(276)
Net (loss) income attributable to The ONE Group Hospitality, Inc.	\$ (3,098)	\$ 482	\$ 76	\$ 8,455	\$ (2,069)	\$ 2,606

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The following table sets forth certain statements of operations data as a percentage of total revenues for the periods indicated. Certain percentage amounts may not sum to total due to rounding.

	For the three months ended September 30,		For the nine months ended September 30,		For the three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Revenues:						
Owned restaurant net revenue	95.9%	95.2%	95.6%	95.0%	95.9%	95.2%
Management, license and incentive fee revenue	4.1%	4.8%	4.4%	5.0%	4.1%	4.8%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost and expenses:						
Owned operating expenses:						
Owned restaurant cost of sales (1)	24.7%	24.9%	24.2%	25.5%	23.0%	24.0%

Owned restaurant operating expenses (1)	62.9%	62.0%	61.1%	58.4%	60.9%	59.6%
Total owned operating expenses (1)	87.7%	86.9%	85.4%	83.9%	83.9%	83.6%
General and administrative (including stock-based compensation of 1.6%, 1.6%, 1.4% and 1.2% for the three and nine months ended September 30, 2023 and 2022, respectively)	9.5%	8.8%	9.4%	9.0%		
General and administrative (including stock-based compensation of 1.6% for the three months ended March 31, 2024 and 2023)					8.9%	9.1%
Depreciation and amortization	4.9%	4.0%	4.5%	3.8%	6.2%	4.4%
Pre-opening expenses	4.0%	3.7%	2.5%	1.7%	3.4%	1.6%
COVID-19 related expenses	—%	—%	—%	1.1%		
Lease termination expenses	—%	—%	—%	0.1%		
Transaction and exit costs					1.8%	—%
Other expenses	0.2%	0.1%	0.2%	—%	—%	0.2%
Total costs and expenses	102.5%	99.3%	98.2%	95.4%	100.7%	94.8%
Operating (loss) income	(2.5)%	0.7%	1.8%	4.6%	(0.7)%	5.2%
Other expenses, net:						
Interest expense, net of interest income	2.2%	0.6%	2.1%	0.6%	2.4%	2.2%
Total other expenses, net	2.2%	0.6%	2.1%	0.6%	2.4%	2.2%
(Loss) Income before provision for income taxes	(4.7)%	0.1%	(0.3)%	4.0%		
(Loss) income before provision for income taxes					(3.2)%	3.0%
(Benefit) provision for income taxes	(0.5)%	(0.4)%	(0.1)%	0.3%	(0.3)%	0.2%
Net (loss) income	(4.2)%	0.5%	(0.2)%	3.7%	(2.9)%	2.8%
Less: net loss attributable to noncontrolling interest	(0.2)%	(0.1)%	(0.2)%	(0.1)%	(0.4)%	(0.3)%
Net (loss) income attributable to The ONE Group Hospitality, Inc.	(4.0)%	0.7%	—%	3.7%	(2.4)%	3.2%

(1) These expenses are being shown as a percentage of owned restaurant net revenue.

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The following tables show our operating results by segment for the periods indicated (in thousands).

	STK	Kona Grill	ONE Hospitality	Corporate	Total	STK	Kona Grill	ONE Hospitality	Corporate	Total
For the three months ended										
September 30, 2023										
For the three months ended										
March 31, 2024										
Total revenues	\$ 43,709	32,775	345	55	76,884	\$ 54,450	30,149	301	95	84,995
Operating income (loss)	\$ 6,003	(444)	(131)	(7,383)	(1,955)	\$ 8,860	(503)	(145)	(8,832)	(620)
Capital asset additions <sup>(1)</sup>	\$ 8,775	6,012	8	(280)	14,515	\$ 13,010	2,587	25	173	15,795
For the nine months ended										
September 30, 2023										

Total revenues	\$	143,420	97,961	1,188	264	242,833				
Operating income (loss)	\$	26,957	910	(174)	(23,325)	4,368				
Capital asset additions <sup>(1)</sup>	\$	19,730	17,427	34	1,220	38,411				
As of September 30, 2023										
As of March 31, 2024										
Total assets	\$	132,050	96,185	5,361	61,420	295,016	\$154,991	96,194	2,021	56,109 309,315

  

	STK	Kona Grill	ONE Hospitality	Corporate	Total	STK	Kona Grill	ONE Hospitality	Corporate	Total
For the three months ended										
September 30, 2022										
For the three months ended										
March 31, 2023										
Total revenues	\$	42,347	30,069	483	121	73,020	\$ 51,138	30,909	401	108 82,556
Operating income (loss)	\$	6,448	259	216	(6,432)	491	\$ 12,096	(25)	(46)	(7,747) 4,278
Capital asset additions	\$	5,788	2,761	58	611	9,218				
For the nine months ended										
September 30, 2022										
Total revenues	\$	131,865	94,756	1,340	365	228,326				
Operating income (loss)	\$	28,379	5,094	377	(23,404)	10,446				
Capital asset additions	\$	13,122	6,029	111	2,047	21,309				
As of December 31, 2022										
Capital asset additions <sup>(1)</sup>							\$ 4,277	6,476	21	1,078 11,852
As of December 31, 2023										
Total assets	\$	113,911	78,691	5,746	92,676	291,024	\$153,769	97,840	5,868	59,768 317,245

(1) Capital asset additions for the Corporate segment include furniture, fixtures, and equipment for restaurants that the Company plans to open in the future.

EBITDA, Adjusted EBITDA and Restaurant Operating Profit are presented in this Quarterly Report on Form 10-Q to supplement other measures of financial performance. EBITDA, Adjusted EBITDA and Restaurant Operating Profit are not required by, or presented in accordance with, accounting principles generally accepted in the [United States of America U.S.](#) ("GAAP"). We define EBITDA as net income before interest expense, provision for income taxes and depreciation and amortization. We define Adjusted EBITDA as net income before interest expense, provision for income taxes, depreciation and amortization, non-cash rent expense, pre-opening expenses, lease termination expenses, stock-based compensation, [COVID-19 related expenses](#) and non-recurring gains and losses. Not all of the items defining Adjusted EBITDA occur in each reporting period but have been included in our definitions of these terms based on our historical activity. We define Restaurant Operating Profit as owned restaurant net revenue minus owned restaurant cost of sales and owned restaurant operating expenses.

We believe that EBITDA, Adjusted EBITDA and Restaurant Operating Profit are appropriate measures of our operating performance because they eliminate non-cash or non-recurring expenses that do not reflect our underlying business performance. We believe Restaurant Operating Profit is an important component of financial results because: (i) it is a widely used metric within the restaurant industry to evaluate restaurant-level productivity, efficiency, and performance, and (ii) we use Restaurant Operating Profit as a key metric to evaluate our restaurant financial performance compared to our competitors. We use these metrics to facilitate a comparison of our operating performance on a consistent basis from period to period, to analyze the factors and trends affecting our business and to evaluate the performance of our restaurants. Adjusted EBITDA has limitations as an analytical tool and our calculation of Adjusted EBITDA may not be comparable to that reported by other companies; accordingly, you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Adjusted EBITDA is a key measure used by [management](#). [management and is a metric used in our debt compliance calculation.](#) Additionally, Adjusted EBITDA and Restaurant Operating Profit are frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We use Adjusted EBITDA and Restaurant Operating Profit, alongside other GAAP measures such as net income, to measure profitability, as a key profitability target in our budgets, and to compare our performance against that of peer companies despite possible differences in calculation.

The following table presents a reconciliation of net (loss) income to EBITDA and Adjusted EBITDA for the periods indicated (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,		For the three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Net (loss) income attributable to The ONE Group Hospitality, Inc.	\$ (3,098)	\$ 482	\$ 76	\$ 8,455	\$ (2,069)	\$ 2,606
Net (loss) attributable to noncontrolling interest	(155)	(105)	(583)	(117)	(361)	(276)
Net (loss) income	(3,253)	377	(507)	8,338	(2,430)	2,330
Interest expense, net	1,673	435	5,102	1,387	2,078	1,787
(Benefit) provision for income taxes	(375)	(321)	(227)	721	(268)	161
Depreciation and amortization	3,732	2,930	10,894	8,571	5,260	3,656
EBITDA	1,777	3,421	15,262	19,017	4,640	7,934
Pre-opening expenses	3,097	2,684	6,005	3,833	2,914	1,299
Stock-based compensation	1,244	1,001	3,798	2,791	1,358	1,320
COVID-19 related expenses	—	—	—	2,534		
Lease termination expense (1)	—	—	—	255		
Non-cash rent expense (2)	(126)	(75)	(279)	(160)		
Transaction and exit costs					1,523	—
Non-cash rent expense (1)					(248)	(31)
Other expenses	128	51	480	51	32	157
Adjusted EBITDA	6,120	7,082	25,266	28,321	10,219	10,679
Adjusted EBITDA attributable to noncontrolling interest	(72)	(56)	(326)	77	(262)	(189)
Adjusted EBITDA attributable to The ONE Group Hospitality, Inc.	\$ 6,192	\$ 7,138	\$ 25,592	\$ 28,244	\$ 10,481	\$ 10,868

(1) Amount relates to lease exit costs for 2016 leases for restaurants never built. All amounts were paid as of June 30, 2022.

(2) (1) Non-cash rent expense is included in owned restaurant operating expenses and general and administrative expense on the condensed consolidated statements of operations and comprehensive income.

The following table presents a reconciliation of Operating (loss) income to Restaurant Operating Profit operating profit for the periods indicated (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,		For the three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Operating (loss) income as reported	\$ (1,955)	\$ 491	\$ 4,368	\$ 10,446	\$ (620)	\$ 4,278
Management, license and incentive fee revenue	(3,184)	(3,482)	(10,631)	(11,342)	(3,487)	(3,977)
General and administrative	7,280	6,447	22,803	20,587	7,534	7,484
Depreciation and amortization	3,732	2,930	10,894	8,571	5,260	3,656
Pre-opening expenses	3,097	2,684	6,005	3,833	2,914	1,299
COVID-19 related expenses	—	—	—	2,534		
Lease termination expense	—	—	—	255		
Transaction and exit costs					1,523	—
Other expenses	128	51	480	51	32	157
Restaurant Operating Profit	\$ 9,098	\$ 9,121	\$ 33,919	\$ 34,935	\$ 13,156	\$ 12,897
Restaurant Operating Profit as a percentage of owned restaurant net revenue	12.3%	13.1%	14.6%	16.1%	16.1%	16.4%

Restaurant operating profit by brand is as follows (in thousands):

	For the three months ended March 31,	
	2024	2023
STK restaurant operating profit (Company owned)	\$ 11,122	\$ 10,462
STK restaurant operating profit (Company owned) as a percentage of STK revenue (Company owned)	21.7%	22.1%
Kona Grill restaurant operating profit	\$ 2,061	\$ 2,501
Kona Grill restaurant operating profit as a percentage of Kona Grill revenue	6.8%	8.1%



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Restaurant operating profit by brand is as follows (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
STK restaurant operating profit (Company owned)	\$ 6,928	\$ 7,237	\$ 25,984	\$ 25,519
STK restaurant operating profit (Company owned) as a percentage of STK revenue (Company owned)	17.0%	18.5%	19.5%	21.0%
Kona Grill restaurant operating profit	\$ 2,293	\$ 1,915	\$ 8,188	\$ 9,544
Kona Grill restaurant operating profit as a percentage of Kona Grill revenue	7.0%	6.4%	8.4%	10.1%

#### Results of Operations for the Three Months Ended **September 30, 2023** **March 31, 2024** and **2022**

##### Revenues

Owned restaurant net revenue. Owned restaurant net revenue increased \$4.2 million, or 6.0%, to \$73.7 million for the three months ended September 30, 2023 from \$69.5 million for the three months ended September 30, 2022. The increase was primarily attributable to the opening of four owned venues since August 2022. Comparable restaurant sales decreased 3.0% for the third quarter of 2023 compared to the third quarter of 2022.

Management, license and incentive fee revenue. Management, license and incentive fee revenues decreased \$0.3 million, or 8.6% to \$3.2 million for the three months ended September 30, 2023 from \$3.5 million for the three months ended September 30, 2022. The decrease was primarily attributable to the non-renewal of the management agreement for Radio by the ME London hotel.

##### Cost and Expenses

Owned restaurant cost of sales. Food and beverage costs for owned restaurants increased \$0.9 million, or 5.5%, to \$18.2 million for the three months ended September 30, 2023 from \$17.3 million for the three months ended September 30, 2022. As a percentage of owned restaurant net revenue, cost of sales decreased 20 basis points from 24.9% in the three months ended September 30, 2022 to 24.7% for the three months ended September 30, 2023 primarily due to product mix management, pricing and operational cost reduction initiatives partially offset by increased commodity prices.

Owned restaurant operating expenses. Owned restaurant operating expenses increased \$3.2 million to \$46.4 million for the three months ended September 30, 2023 from \$43.1 million for the three months ended September 30, 2022. Owned restaurant operating expenses as a percentage of owned restaurant net revenue increased 90 basis points from 62.0% for the three months ended September 30, 2022 to 62.9% for the three months ended September 30, 2023 primarily due to higher labor costs driven by wage inflation and investments in anticipation of growth, increased marketing expenses and general operating cost inflation.

General and administrative. General and administrative costs increased \$0.8 million, or 12.9%, to \$7.3 million for the three months ended September 30, 2023 from \$6.4 million for the three months ended September 30, 2022. The increase was attributable to increased stock-based compensation expense and additional investments required ahead of new restaurant openings. As a percentage of revenues, general and administrative costs were 9.5% for the three months ended September 30, 2023 compared to 8.8% for the three months ended September 30, 2022.

Depreciation and amortization. Depreciation and amortization expense was \$3.7 million and \$2.9 million for the three months ended September 30, 2023 and 2022, respectively. The increase was primarily related to the opening of four new owned venues since August 2022 and capital expenditures to maintain and enhance the guest experience in our restaurants.

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**Pre-opening expenses.** For the three months ended September 30, 2023, we incurred \$3.1 million of pre-opening expenses primarily related to payroll, training and non-cash pre-open rent for Kona Grill Riverton which opened in July 2023, STK Charlotte and Kona Grill Phoenix, both of which opened in October 2023 and STK and Kona Grill restaurants currently under development. Total pre-opening expenses related to non-cash pre-open rent was \$0.5 million.

Pre-opening expenses for the three months ended September 30, 2022 were \$2.7 million, primarily related to payroll, training and non-cash pre-open rent for STK Dallas, STK San Francisco and Kona Grill Columbus. Detail of pre-opening expenses by category is provided in the table below for the three months ended September 30, 2023 and 2022 (in thousands).

Three Months Ended September 30, 2023	Preopen Expenses	Preopen Rent (2)	Total
Training Team	\$ 1,562	\$ —	\$ 1,562
Restaurants (1)	1,071	464	1,535
Total	<u>\$ 2,633</u>	<u>\$ 464</u>	<u>\$ 3,097</u>
Three Months Ended September 30, 2022	Preopen Expenses	Preopen Rent (2)	Total
Training Team	\$ 617	\$ —	\$ 617
Restaurants (3)	1,865	202	2,067
	<u>\$ 2,482</u>	<u>\$ 202</u>	<u>\$ 2,684</u>

(1) Includes Kona Grill Riverton, STK Charlotte, Kona Grill Phoenix and other venues under development.

(2) Cash rent paid was \$64 and \$105 for the three months ended September 30, 2023 and 2022, respectively.

(3) Includes STK San Francisco, STK Dallas, Kona Grill Columbus and other venues under development.

**Interest expense, net.** Interest expense, net was \$1.7 million and \$0.4 million for the three months ended September 30, 2023 and 2022, respectively. We borrowed \$50.0 million on the delayed draw term loan facility in December 2022. The weighted average interest rate for the three months ended September 30, 2023 was 12.1% compared to 6.8% in the same period of 2022.

**(Benefit) provision for income taxes.** For the three months ended September 30, 2023, income tax benefit was \$0.4 million compared to income tax benefit of \$0.3 million for the three months ended September 30, 2022.

**Net loss attributable to noncontrolling interest.** Net loss attributable to noncontrolling interest was \$0.2 million for the three months ended September 30, 2023 compared to net loss of \$0.1 million for the three months ended September 30, 2022.

## Results of Operations for the Nine Months Ended September 30, 2023 and 2022

### Revenues

**Owned restaurant net revenue.** Owned restaurant net revenue increased \$15.2 \$2.9 million, or 7.0% 3.7%, to \$232.2 million \$81.5 million for the nine three months ended September 30, 2023 March 31, 2024 from \$217.0 \$78.6 million for the nine three months ended September 30, 2022 March 31, 2023. The increase was primarily attributable to the opening of STK six restaurants since July 2023 partially offset by a reduction in San Francisco and Dallas in the second half of 2022 and the opening of Kona Grill Columbus in January 2023 and Kona Grill Riverton in July 2023. comparable restaurant sales. Comparable

restaurant sales decreased 2.1% during 7.9% in the nine months ended September 30, 2023 first quarter of 2024 compared to the same period in 2022, first quarter of 2023.

Management license and incentive license fee revenue. Management license and incentive license fee revenues decreased \$0.7 \$0.5 million, or 6.3% 12.3% to \$10.6 \$3.5 million for the nine three months ended September 30, 2023 March 31, 2024 from \$11.3 \$4.0 million for the nine three months ended September 30, 2022 March 31, 2023. The decrease was primarily attributable attributed to the non-renewal decreased revenues at our STK restaurants in North America and early termination of the STK Westminster management agreement for Radio by in the ME fourth quarter of 2023 as we consolidated our operations in London, hotel, UK.

#### Cost and Expenses

Owned restaurant cost of sales. Food and beverage costs for owned restaurants increased \$1.1 decreased \$0.2 million, or 1.9% 0.7%, to \$56.3 \$18.7 million for the nine three months ended September 30, 2023 compared to \$55.2 March 31, 2024 from \$18.9 million for the nine three months ended September 30, 2022 March 31, 2023. The increase was due to the incremental sales increases noted above from the opening of four new venues since August 2022, partially offset by the initiatives noted below. As a percentage of owned restaurant net revenue, cost of sales improved 130 decreased 100 basis points from 25.5% 24.0% in the nine three months ended September 30, 2022 March 31, 2023 to 24.2% 23.0% for the nine three months ended September 30, 2023 March 31, 2024 primarily due to product mix management, pricing and operational cost reduction initiatives partially offset by increased commodity prices, initiatives.

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Owned restaurant operating expenses. Owned restaurant operating expenses increased \$15.2 \$2.8 million to \$142.0 \$49.6 million for the nine three months ended September 30, 2023 March 31, 2024 from \$126.8 \$46.8 million for the nine three months ended September 30, 2022 March 31, 2023. The increase was primarily due to the operating expenses associated with six new restaurants opened since July 2023. Owned restaurant operating expenses costs as a percentage of owned restaurant net revenue increased 270 130 basis points from 58.4% 59.6% in the nine three months ended September 30, 2022 March 31, 2023 to 61.1% 60.9% for the nine three months ended September 30, 2023 March 31, 2024 primarily due to deleverage of fixed operating costs from lower same store sales, higher labor costs driven by average wage inflation and investments in anticipation of growth, increased marketing expenses and general operating cost inflation, inflation partially offset by cost reduction initiatives.

General and administrative. General and administrative costs increased \$2.2 million, or 10.8%, to \$22.8 were \$7.5 million for the nine three months ended September 30, 2023 from \$20.6 million for the nine months ended September 30, 2022. The increase was attributable to increased stock-based compensation expense March 31, 2024 and additional investments required ahead of new restaurant openings, 2023. As a percentage of revenues, general and administrative costs were 9.4% 8.9% for the nine three months ended September 30, 2023 March 31, 2024 compared to 9.0% 9.1% for the nine three months ended September 30, 2022 March 31, 2023.

Depreciation and amortization. Depreciation and amortization expense was \$10.9 million expenses were \$5.3 million and \$8.6 million \$3.7 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. The increase was primarily attributable related to the opening of four six new owned venues since August 2022 July 2023 and capital expenditures to maintain and enhance the guest experience in our restaurants, experience.

Pre-opening expenses. For In the nine three months ended September 30, 2023 March 31, 2024, we incurred \$6.0 \$2.9 million of pre-opening expenses primarily related to payroll and travel costs for the training team and payroll, training, and non-cash pre-open rent for Kona Grill Columbus and Kona Grill Riverton STK Washington DC which opened in January 2023 and July 2023, respectively, STK Charlotte and Kona Grill Phoenix which opened in October 2023 March 2024 and STK and Kona Grill restaurants currently under development. Total pre-opening expenses related to non-cash pre-open rent was \$1.2 million \$0.3 million.

Pre-opening expenses for the nine three months ended September 30, 2022 March 31, 2023 were \$3.8 million primarily related to costs associated with two STK restaurants that opened in the second half of 2022 and one restaurant that opened in the first quarter of 2023. Detail \$1.3 million. Details of pre-opening expenses by category is are provided in the table below for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands).

Nine Months Ended September 30, 2023		Preopen Expenses	Preopen Rent (2)	Total			
					Preopen	Preopen	
Three Months Ended March 31, 2024					Expenses	Rent (1)	Total
Training Team	\$	2,850	\$	2,850	\$ 1,523	\$	— \$1,523
Restaurants (1)		1,973		1,182			
Restaurants					944	447	1,391
Total	\$	4,823	\$	1,182	\$ 2,467	\$	447 \$2,914
Nine Months Ended September 30, 2022		Preopen Expenses	Preopen Rent (2)	Total			
					Preopen	Preopen	
Three Months Ended March 31, 2023					Expenses	Rent (1)	Total
Training Team	\$	708	\$	708	\$ 524	\$	— \$ 524
Restaurants (3)		2,261		864			
Restaurants					497	278	775
	\$	2,969	\$	864	\$ 1,021	\$	278 \$1,299

## Liquidity and Capital Resources

### Executive Summary

Our principal liquidity requirements are to meet our lease obligations, working capital and capital expenditure needs and to pay principal and interest on outstanding debt. Subject to our operating performance, which, if significantly adversely affected, would adversely affect the availability of funds, we expect to finance our operations, **for at least the next 12 months**, including the costs of opening currently planned new restaurants, **for the foreseeable future, including at least the next 12 months**, through cash provided by operations and construction allowances provided by landlords of certain locations. We also may borrow on our revolving credit facility or issue equity **including preferred stock**, to support ongoing business **operations, and fund additional expansion**. We believe these sources of financing are adequate to support our immediate business operations and plans. As of **September 30, 2023** **March 31, 2024**, we had cash and cash equivalents of **\$22.1** **\$15.4** million and **\$74.0** **\$73.5** million in long-term debt, which consisted of borrowings under our Credit Agreement. As of **September 30, 2023** **March 31, 2024**, the availability on our revolving credit facility was \$10.6 million, subject to certain conditions.

For the three months ended March 31, 2024, capital expenditures were \$15.8 million of which \$14.1 million related to the opening of five restaurants during the past six months, including STK Washington DC which opened in March 2024 and several restaurants that were under development as of March 31, 2024. We spent \$1.6 million on maintenance capital expenditures for existing restaurants which included additional furniture, fixtures, and equipment. Net capital expenditures, inclusive of \$0.4 million in landlord contributions, was \$15.4 million for the three months ended March 31, 2024. We expect to receive between \$2.2 million and \$2.8 million in landlord contributions in the next three months.

Capital expenditures by type for the three months ended March 31, 2024 and 2023 is provided below (in thousands).

Three Months Ended March 31, 2024	STK	Kona Grill	Other	Total
New Venues	\$ 12,324	\$ 1,652	\$ 145	\$ 14,121
Maintenance	711	935	—	1,646
Other	—	—	28	28
Total	<u>\$ 13,035</u>	<u>\$ 2,587</u>	<u>\$ 173</u>	<u>\$ 15,795</u>
Tenant Improvement Allowance	\$ —	\$ 375	\$ —	\$ 375

  

Three Months Ended March 31, 2023	STK	Kona Grill	Other	Total
New Venues	\$ 3,307	\$ 5,076	\$ 699	\$ 9,082
Maintenance	1,475	1,209	—	2,684
Other	—	—	86	86
Total	<u>\$ 4,782</u>	<u>\$ 6,285</u>	<u>\$ 785</u>	<u>\$ 11,852</u>
Tenant Improvement Allowance	\$ 63	\$ 375	\$ —	\$ 438

Our operations have not required significant working capital, and, like many restaurant companies, we may have negative working capital during the year. Revenues are received primarily in credit **card cards** or cash receipts, and restaurant operations do not require significant receivables or inventories, other than our wine inventory. In addition, we receive trade credit for the purchase of food, beverages and supplies, thereby reducing the need for incremental working capital to support growth. **Due to the seasonality of our business, we typically generate a greater proportion of our cash flow from operations during the fourth quarter.**

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Our future cash requirements will depend on many factors, including the pace of expansion, conditions in the retail property development market, construction costs, the nature of the specific sites selected for new restaurants, and the nature of the specific leases and associated tenant improvement allowances available, if any, as negotiated with landlords. We have made significant investments in our training and development teams to support new

restaurants openings. We believe these investments are necessary to support the successful opening of our new restaurants. If we modify our growth plans, the personnel that comprise our training team could be deployed to operate existing restaurants.

To help manage future cash requirements, we limit the number of owned company venues under construction at any given time to four restaurants. We also set a maximum number of signed leases for new restaurant development to approximately twelve in order to minimize our cash rent commitment to approximately \$3.0 million to \$4.0 million annually for restaurants under development.

#### Credit Agreement

Refer to Note 14 and Note 15 to our condensed consolidated financial statements set forth in Item 1 of this Quarterly Report on Form 10-Q for further information regarding our commitments and contingencies and information regarding our new long-term debt arrangements.

#### Capital Expenditures and Lease Arrangements

When we open new Company-owned restaurants, our capital expenditures for construction increase. For owned STK restaurants, where we build from a shell state, we have typically targeted an average a restaurant size of 8,000 square feet with a gross cash investment of approximately \$3.8 million for \$515 to \$675 per square foot, exclusive of \$200 per square foot in landlord contributions. For owned Kona Grill restaurants, where we build from a 10,000 square-foot shell state, we have typically targeted a restaurant size of 7,000 square feet with a gross cash investment of approximately \$510 per square foot, exclusive of \$150 per square foot in landlord contributions. In situations where we add functional space and build an STK restaurant and anticipate approximately \$2.5 million for an 8,000 square-foot or Kona Grill restaurant in each case, net of landlord contributions and excluding with a mezzanine, covered patio, or rooftop, costs per square foot will increase. Typical cash pre-opening costs. For STK locations where we may be the successor restaurant tenant, we anticipate total cash investment in the \$2.0 million to \$3.0 million range. We are currently testing various Kona Grill prototypes with different size layouts, equipment packages and features such as rooftops and mezzanines which may result in the buildout costs being higher than the anticipated costs stated above. Typical pre-opening costs, excluding non-cash rent, are \$0.6 million to \$0.8 million per restaurant assuming ten restaurant openings during , excluding the year. impact of cash and non-cash pre-opening rent. In addition, some of our existing restaurants will require capital improvements to either maintain or improve the facilities. We may add seating or provide enclosures for outdoor space in the next twelve months for some of our locations, which when we expect believe that will increase revenues for those locations.

Our hospitality F&B venues services projects typically require limited capital investment from us. Capital expenditures for these projects will are primarily be funded by cash flows from operations depending upon the timing of these expenditures and cash availability. operations.

We typically seek to lease our restaurant locations for periods of 10 to 20 years under operating lease arrangements, with a limited number of renewal options. Our rent structure varies, but our leases generally provide for the payment of both minimum and contingent rent based on sales, as well as other expenses related to the leases such as our pro-rata share of common area maintenance, property tax and insurance expenses. Many of our lease arrangements include the opportunity to secure tenant improvement allowances to partially offset the cost of developing and opening the related restaurants. Generally, landlords recover the cost of such allowances from increased minimum rents. However, there can be no assurance that such allowances will be available to us on each project that we select for development.

For the nine months ended September 30, 2023, capital expenditures were \$38.4 million of which \$31.0 million related to the construction of new STK and Kona Grill restaurants and \$7.1 million for existing restaurants. We have opened four Company-owned restaurants in the first ten months of 2023 and expect to open an additional three to five Company-owned restaurants over the next six

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months. Net capital expenditures, inclusive of \$1.8 million in landlord contributions, was \$36.6 million for the nine months ended September 30, 2023. We expect to receive between \$4.0 million to \$4.4 million in landlord contributions in the next three months. Capital expenditures by type for the nine months ended September 30, 2023 is provided below (in thousands).

	STK	Kona Grill	Other <sup>(1)</sup>	Total
New Venues	\$ 15,798	\$ 13,457	\$ 1,743	\$ 30,998
Maintenance	3,675	3,379	—	7,054

Technology	—	—	359	359
Total	\$ 19,473	\$ 16,836	\$ 2,102	\$ 38,411
Tenant Improvement Allowance	\$ 1,033	\$ 750	\$ —	\$ 1,783

(1) Includes inventory of restaurant equipment for venues under development.

#### Credit Agreement

On October 4, 2019, in conjunction with the acquisition of Kona Grill, we entered into a credit agreement with Goldman Sachs Bank USA (the "Credit Agreement"). On August 6, 2021, we entered into the Third Amendment to the Credit Agreement to extend the maturity date for both the term loan and revolving credit facility to August 2026, to eliminate all financial covenants except a maximum net leverage ratio of 2.00 to 1.00, and to eliminate restrictions on the maximum amount of capital expenditures, the maximum number of Company-owned new locations, and credit extensions under the revolving credit facility. As amended, the Credit Agreement provides for a secured revolving credit facility of \$12.0 million and a \$25.0 million term loan (reduced from \$48.0 million). The term loan is payable in quarterly installments of \$0.1 million, with the final payment due in August 2026.

On December 13, 2022, we entered into the Fourth Amendment to the Credit Agreement that:

- Allows for a new \$50.0 million delayed draw term facility, available to draw for twelve months and subject to a 1.75x Net Leverage Ratio incurrence test (as defined in the Credit Agreement) for permitted acquisitions, stock repurchases and new restaurant capital expenditures;
- Allows us to redeem, repurchase or otherwise acquire its own capital stock in an aggregate amount of up to \$50 million subject to a 1.75x Net Leverage Ratio incurrence test and no default or event of default; and
- Changed the interest rate from London Interbank Offered Rate ("LIBOR") plus a margin to Secured Overnight Financing Rate ("SOFR") plus an applicable margin.

We borrowed \$50.0 million on the delayed draw term facility on December 28, 2022. The delayed draw term loan is payable in quarterly installments of \$0.25 million beginning March 31, 2024, with the final payment due in August 2026.

Loans under the amended Credit Agreement bear interest at a rate per annum using the SOFR rate subject to a 1.00% floor plus an interest rate margin of 6.50%.

As of September 30, 2023, we were in compliance with the covenants under the amended Credit Agreement. Based on current projections, we believe that we will continue to comply with the covenants in the Credit Agreement, as amended, throughout the twelve months following the issuance of the financial statements.

Refer to Note 5 and Note 15 to our condensed consolidated financial statements set forth in Item 1 of this Quarterly Report on Form 10-Q for further information regarding the terms of our long-term debt arrangements and information regarding our commitments and contingencies.

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#### Cash Flows

The following table summarizes the statement of cash flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

	For the nine months ended September 30,		For the three months ended March 31,	
	2023	2022	2024	2023
Net cash provided by (used in):				
Operating activities	\$ 15,228	\$ 16,336	\$ 10,378	\$ 6,621

Investing activities	(38,411)	(21,309)	(15,795)	(11,852)
Financing activities	(9,681)	(803)	(192)	(1,120)
Effect of exchange rate changes on cash	(120)	(361)	(64)	(71)
Net decrease in cash and cash equivalents	<u>\$ (32,984)</u>	<u>\$ (6,137)</u>	<u>\$ (5,673)</u>	<u>\$ (6,422)</u>

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**Operating Activities.** Net cash provided by operating activities was \$15.2 \$10.4 million for the nine three months ended September 30, 2023 March 31, 2024, compared to net cash provided by operating activities of \$16.3 \$6.6 million for the nine three months ended September 30, 2022 March 31, 2023. The decrease in net cash provided by operating activities increase was primarily attributable to the timing of collections on accounts receivables and payments on accrued expenses.

**Investing Activities.** Net cash used in investing activities for the nine three months ended September 30, 2023 March 31, 2024 was \$38.4 \$15.8 million primarily for the construction of STK Washington DC, which opened in March 2024, residual payments on the four restaurants in Charlotte, North Carolina; Boston Massachusetts; Salt Lake City, Utah and Washington D.C. and Kona Grill restaurants in Columbus, Ohio; Riverton, Utah and Phoenix, Arizona that opened during the fourth quarter of 2023 and several restaurants that were under development as of September 30, 2023 March 31, 2024, as well as capital expenditures for existing restaurants compared to \$21.3 \$11.9 million for the nine three months ended September 30, 2022 March 31, 2023. We intend to open six Company-owned restaurants in 2023, Purchases of which four restaurants have opened, compared to opening two Company-owned restaurants property and equipment during 2022, the three months ended March 31, 2024 included approximately \$5.3 million that was accrued as of December 31, 2023 and paid during the first quarter of 2024.

**Financing Activities.** Net cash used in financing activities for the nine three months ended September 30, 2023 March 31, 2024 and 2023 was \$9.6 million compared to \$0.8 million for the nine months ended September 30, 2022. We \$0.2 million and \$1.1 million, respectively. Common stock purchased \$7.7 million in common stock under our share repurchase program and used \$1.8 million to pay employee taxes was \$0.7 million for shares withheld upon the vesting of restricted stock units during the nine three months ended September 30, 2023. During the nine months ended September 30, 2022, we purchased \$3.5 million in common stock under our share repurchase program and used \$2.0 million to pay employee taxes for shares withheld upon the vesting of restricted stock units, partially offset by net borrowings on our credit facility of \$4.6 million March 31, 2023.

## Recent Accounting Pronouncements

See Note 1 to our condensed consolidated financial statements set forth in Item 1 of this Quarterly Report on Form 10-Q for a detailed description of recent accounting pronouncements. We do not expect the recent accounting pronouncements discussed in Note 1 to have a significant impact on our consolidated financial position or results of operations.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a "smaller reporting company," as defined in Item 10 of Regulation S-K, we are not required to provide this information.

## Item 4. Controls and Procedures.

### Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the



desired control objectives, as our controls are designed to do, and management necessarily applies its judgment in evaluating the risk and cost benefit relationship related to controls and procedures.

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Our Chief Executive Officer and Chief Financial Officer have reviewed the effectiveness of our disclosure controls and procedures as of September 30, 2023 March 31, 2024 and, based on this evaluation, have concluded that our disclosure controls and procedures were effective as of September 30, 2023 March 31, 2024.

**Changes in Internal Controls**

There have been no changes in internal control over financial reporting that occurred during the quarter ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II — OTHER INFORMATION**

**Item 1. Legal Proceedings.**

We are subject to claims common to our industry and in the ordinary course of our business. Companies in our industry, including us, have been and are subject to class action lawsuits, primarily regarding compliance with labor laws and regulations. Defending lawsuits requires significant management attention and financial resources and the outcome of any litigation is inherently uncertain. We believe that accrual and disclosure for these matters are adequately provided for in our consolidated financial statements. We do not believe the ultimate resolutions of these matters will have a material adverse effect on our consolidated financial position and results of operations. However, the resolution of lawsuits is difficult to predict. A significant increase in the number of these claims, or one or

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more successful claims under which we incur greater liabilities than is currently anticipated, could materially and adversely affect our consolidated financial statements.

**Item 1A. Risk Factors.**

There have been no material changes to the risk factors contained in Item 1A of our Form 10-K for the year ended December 31, 2022. December 31, 2023 except as discussed below.

***We have a debt financing arrangement and preferred stock outstanding that could have a material adverse effect on our financial health and our ability to obtain financing in the future and may impair our ability to react quickly to changes in our business.***

In connection with our acquisition of Safflower Holdings Corp., on May 1, 2024, we entered into a credit agreement pursuant to which we borrowed \$350 million as a term loan and have a \$40 million revolving credit facility available. On that same date we also issued shares of Series A Preferred Stock for \$160 million that has a compounding dividend initially at 13% and which increases over time at specified intervals and which is mandatorily redeemable, at the option of the holders of a majority of such shares, after a specified period in specified circumstances. Our exposure to these financing obligations could limit our ability to satisfy our other obligations, limit our ability to operate our business and impair our competitive position. For example, they could:

- increase our vulnerability to adverse economic and industry conditions, including interest rate fluctuations, because the revolving loan portion of our borrowings are at variable rates of interest;
- require us to dedicate significant future cash flows to the repayment of debt or redemption of the preferred stock, reducing the availability of cash to fund working capital, capital expenditures or other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- limit our ability to obtain additional debt or equity financing due to applicable financial and restrictive covenants contained in our debt and preferred stock arrangements.

We may also incur additional indebtedness in the future, which could materially increase the impact of these risks on our financial condition and results of operations.

We may not be able to refinance our debt obligations or the redemption of our preferred stock. Failure to successfully refinance these obligations could have a material adverse effect on our business, financial condition and results of operations.

***Our acquisition of Safflower Holdings Corp., as well as any future acquisitions, may have unanticipated consequences that could harm our business and our financial condition.***

Our acquisition of Safflower Holdings Corp. and any other acquisition that we pursue, whether successfully completed or not, involves risks, including:

- material adverse effects on our operating results, particularly in the fiscal quarters immediately following the acquisition as the acquired restaurants are integrated into our operations;
- risks associated with entering into markets or conducting operations where we have no or limited prior experience;
- problems retaining key personnel;
- potential impairment of tangible and intangible assets and goodwill acquired in the acquisition;
- potential unknown liabilities;
- difficulties of integration and failure to realize anticipated synergies; and
- disruption of our ongoing business, including diversion of management's attention from other business concerns.

Future acquisitions, which may be accomplished through a cash purchase transaction, the issuance of our equity securities or a combination of both, could result in potentially dilutive issuances of our equity securities, the incurrence of debt and contingent liabilities and impairment charges related to goodwill and other intangible assets, any of which could harm our business and financial condition.

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## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On September 7, 2022, we announced In September 2022, the Company's Board of Directors authorized a repurchase program of up to \$10.0 million of our outstanding common stock. In May 2023, our the Company's Board of Directors authorized an additional \$5.0 million to this program. During As of December 31, 2023, the quarter ended September 30, 2023, we purchased 0.5 million Company had repurchased 2.3 million shares for aggregate consideration of \$3.5 million. As of September 30, 2023, we repurchased 2.2 million shares for \$14.8 million \$15.0 million under the program. As In March 2024, the Company's Board of September 30, 2023 Directors authorized an additional \$5.0 million of repurchases under this program. There were no stock repurchases in the first quarter of 2024.

## Item 5. Other Information

**(a) Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On May 1, 2024, \$0.2 million remained available for repurchase under Emanuel Hilario, President and Chief Executive Officer of the repurchase program. The repurchase program was completed Company, and Tyler Loy, Chief Financial Officer of the Company, were awarded cash bonuses by the Company's Board of Directors in October 2023. The table below sets forth information recognition of their efforts with respect to share repurchases under the program for each month during Acquisition and the third quarter related financing transactions. Mr. Hilario received a bonus of 2023, \$350,000 and Mr. Loy received a bonus of \$200,000.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plan	Maximum dollar value of shares that may yet be purchased under the plan
July 1-31, 2023	-	-	-	\$ 3,714,894
August 1-31, 2023	231,253	\$ 6.82	231,253	\$ 2,129,698
September 1-30, 2023	317,812	\$ 6.11	317,812	\$ 179,392

**(c) Adoption or Termination of 10b5-1 Trading Plans**

During the first quarter ended March 31, 2024, no director or officer adopted, modified, or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as such terms are defined in Item 408(a) of Regulation S-K.

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**Item 6. Exhibits.**

(a) Exhibits required by Item 601 of Regulation S-K.

Exhibit	Description
2.1	<a href="#">Stock Purchase Agreement dated March 26, 2024 between Safflower Holdings LLC, Safflower Holdings Corp., TOG Kaizen Acquisition, LLC and The ONE Group Hospitality, Inc. (Incorporated by reference to Form 8-K filed on March 26, 2024).</a>
2.2	<a href="#">Amendment No. 1 to Stock Purchase Agreement dated April 29, 2024 between Safflower Holdings LLC, Safflower Holdings Corp., TOG Kaizen Acquisition, LLC and The ONE Group Hospitality, Inc. (Incorporated by reference to the Closing 8-K).</a>
3.1	<a href="#">Amended and Restated Certificate of Incorporation (Incorporated by reference to Form 8-K filed on June 5, 2014 September 5, 2014).</a>
3.2	<a href="#">Certificate of Designations of Series A Preferred Stock (Incorporated by reference to Form 8-K filed on May 1, 2024 (the "Closing 8-K")).</a>
3.2 3.3	<a href="#">Amended and Restated Bylaws (Incorporated by reference to Form 8-K filed on October 25, 2011).</a>
4.1	<a href="#">Investment Agreement dated March 26, 2024 between The ONE Group Hospitality, Inc., HPS Investment Partners, LLC and HPC III Kaizen LP (Incorporated by reference to Form 8-K filed on March 26, 2024).</a>
4.2	<a href="#">Warrant Certificate No. A-1, dated May 1, 2024, issued by the Company to HPC III Kaizen LP (Incorporated by reference to the Closing 8-K).</a>
4.3	<a href="#">Warrant Certificate No. A-2, dated May 1, 2024, issued by the Company to HPS Special Situations Opportunity Fund II, L.P. (Incorporated by reference to the Closing 8-K).</a>
4.4	<a href="#">Warrant Certificate No. A-3, dated May 1, 2024, issued by the Company to SSOF II BH US Subsidiary, L.P. (Incorporated by reference to the Closing 8-K).</a>
4.5	<a href="#">Warrant Certificate No. A-4, dated May 1, 2024, issued by the Company to HPS Corporate Lending Fund (Incorporated by reference to the Closing 8-K).</a>
4.6	<a href="#">Warrant Certificate No. A-5, dated May 1, 2024, issued by the Company to HPS Corporate Capital Solutions Fund (Incorporated by reference to the Closing 8-K).</a>

4.7	<a href="#">Warrant Certificate No. B-1, dated May 1, 2024, issued by the Company to HPC III Kaizen L.P. (Incorporated by reference to the Closing 8-K).</a>
4.8	<a href="#">Warrant Certificate No. B-2, dated May 1, 2024, issued by the Company to HPS Special Situations Opportunity Fund II, L.P. (Incorporated by reference to the Closing 8-K).</a>
4.9	<a href="#">Warrant Certificate No. B-3, dated May 1, 2024, issued by the Company to SSOF II BH US Subsidiary, L.P. (Incorporated by reference to the Closing 8-K).</a>
4.10	<a href="#">Warrant Certificate No. B-4, dated May 1, 2024, issued by the Company to HPS Corporate Lending Fund (Incorporated by reference to the Closing 8-K).</a>
4.11	<a href="#">Warrant Certificate No. B-5, dated May 1, 2024, issued by the Company to HPS Corporate Capital Solutions Fund (Incorporated by reference to the Closing 8-K).</a>
4.12	<a href="#">Registration Rights Agreement dated May 1, 2024 by and among the Company, HPC III Kaizen L.P., HPS Special Situations Opportunity Fund II, L.P., SSOF II BH US Subsidiary, L.P., HPS Corporate Lending Fund and HPS Corporate Capital Solutions Fund (Incorporated by reference to the Closing 8-K).</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes – Oxley Act of 2002</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes – Oxley Act of 2002</a>
32.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.</a>
32.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.</a>
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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\* Filed herewith.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: **November 7, 2023** May 7, 2024

THE ONE GROUP HOSPITALITY, INC.

By: /s/ Tyler Loy  
Tyler Loy, Chief Financial Officer

## CERTIFICATIONS UNDER SECTION 302

I, Emanuel Hilario, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The ONE Group Hospitality, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023 May 7, 2024

/s/ Emanuel Hilario

**Emanuel Hilario**

Title: Chief Executive Officer

(Principal Executive Officer)

## CERTIFICATIONS UNDER SECTION 302

I, Tyler Loy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The ONE Group Hospitality, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023 May 7, 2024

/s/ Tyler Loy

**Tyler Loy**

Title: Chief Financial Officer  
(Principal Financial Officer)

## CERTIFICATIONS UNDER SECTION 906

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of The ONE Group Hospitality, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the three months ended **September 30, 2023** **March 31, 2024** (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **November 7, 2023** **May 7, 2024**

/s/ Emanuel Hilario

Emanuel Hilario

Title: Chief Executive Officer

(Principal Executive Officer)

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**Exhibit 32.2**

CERTIFICATIONS UNDER SECTION 906

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of The ONE Group Hospitality, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the three months ended **September 30, 2023** **March 31, 2024** (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **November 7, 2023** **May 7, 2024**

/s/ Tyler Loy

Tyler Loy

Title: Chief Financial Officer

(Principal Financial Officer)

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