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ONE Group Hospitality, Inc.  
Form 10-Q  
August 15, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 10-Q

(Mark One)  
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the Quarterly Period Ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-37379

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

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

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

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

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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



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

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

Number of shares of common stock outstanding as of August 15, 2016: 24,989,560.

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PART I  
FINANCIAL INFORMATION

Item 1. Financial Statements  
THE ONE GROUP HOSPITALITY, INC.  
CONSOLIDATED BALANCE SHEETS

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$2,399,001	\$1,841,872
Accounts receivable, net	4,151,675	4,063,516
Inventory	1,144,729	1,152,119
Other current assets	2,799,572	3,559,053
Due from related parties, net	705,294	1,232,356
Total current assets	11,200,271	11,848,916
Property and equipment, net	33,179,801	27,952,327
Investments	3,039,699	2,910,362
Deferred tax assets	10,219,534	10,093,672
Other assets	622,167	691,551
Security deposits	2,492,194	2,444,482
Total assets	\$60,753,666	\$55,941,310
Liabilities and Stockholders' Equity		
Current liabilities:		
Cash overdraft	\$620,221	\$973,754
Long term debt, current portion	3,026,324	2,680,116
Accounts payable	3,189,503	2,396,622
Accrued expenses	5,436,718	4,635,584
Derivative liability	—	100,000
Deferred revenue	457,431	204,033
Total current liabilities	12,730,197	10,990,109
Deferred license revenue, long-term	1,224,570	1,099,570
Long term debt, net of current portion	9,588,207	9,956,647
Deferred rent payable	15,320,662	14,290,010
Total liabilities	38,863,636	36,336,336
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 24,989,560 and 24,972,515 shares issued and outstanding at June 30, 2016 (unaudited) and December 31, 2015, respectively	2,499	2,497
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; 0 shares issued and outstanding at June 30, 2016 (unaudited) and December 31, 2015, respectively	—	—

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Additional paid-in capital	36,146,182	31,778,266
Accumulated deficit	(13,091,882 )	(11,074,708 )
Accumulated other comprehensive loss	(438,763 )	(420,383 )
Total stockholders' equity	22,618,036	20,285,672
Noncontrolling interest	(728,006 )	(680,698 )
Total stockholders' equity including noncontrolling interest	21,890,030	19,604,974
Total Liabilities and Stockholders' Equity	\$60,753,666	\$55,941,310

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See notes to the consolidated financial statements.

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THE ONE GROUP HOSPITALITY, INC.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Owned unit net revenues	\$15,282,704	\$12,778,925	\$29,662,634	\$22,504,226
Management and incentive fee revenue	1,943,952	2,121,977	3,958,003	4,173,253
Total revenue	17,226,656	14,900,902	33,620,637	26,677,479
Cost and expenses:				
Owned operating expenses:				
Food and beverage costs	3,778,797	3,238,175	7,307,550	5,735,390
Unit operating expenses	9,509,838	8,081,687		