

KONA GRILL INC
Form 10-Q
November 03, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

or

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

For the transition period from _____ to _____

Commission File Number 001-34082

Kona Grill, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-0216690

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

7150 East Camelback Road, Suite 333

Scottsdale, Arizona 85251

(480) 922-8100

(Address, including zip code, and telephone number, including area code, of principal executive offices)

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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 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.

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

As of October 31, 2015, there were 11,278,460 shares of the registrant’s common stock outstanding.

KONA GRILL, INC.

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PART I – FINANCIAL INFORMATION**Item 1. Financial Statements****KONA GRILL, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

	September 30, 2015	December 31, 2014
	(Unaudited)	(Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,783	\$ 36,578
Short-term investments	178	178
Receivables	1,945	387
Other current assets	2,132	2,122
Total current assets	20,038	39,265
Other assets	1,193	1,171
Property and equipment, net	80,662	53,934
Total assets	\$ 101,893	\$ 94,370
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,317	\$ 3,205
Accrued expenses	13,015	9,042
Total current liabilities	17,332	12,247
Deferred rent	20,048	16,697
Total liabilities	37,380	28,944
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value, 30,000,000 shares authorized, 11,394,660 shares issued and 11,278,460 shares outstanding at September 30, 2015; 11,325,338 shares issued and 11,209,138 shares outstanding at December 31, 2014	114	113
Additional paid-in capital	97,994	96,422
Accumulated deficit	(32,595)	(30,109)
Treasury stock, at cost, 116,200 shares at September 30, 2015 and December 31, 2014	(1,000)	(1,000)

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Total stockholders' equity	64,513	65,426
Total liabilities and stockholders' equity	\$ 101,893	\$ 94,370

See accompanying notes to condensed consolidated financial statements.

KONA GRILL, INC.**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(in thousands, except per share data)****(unaudited)**

	Three Months Ended September 30, 2015		Nine Months Ended September 30, 2015	
	2015	2014	2015	2014
Restaurant sales	\$35,925	\$30,037	\$104,957	\$87,539
Costs and expenses:				
Cost of sales	9,812	8,385	28,552	24,105
Labor	12,687	10,128	36,471	29,454
Occupancy	2,638	2,063	7,496	5,907
Restaurant operating expenses	5,238	4,109	14,824	11,980
General and administrative	3,101	2,584	9,527	7,603
Preopening expense	1,379	534	3,302	1,433
Depreciation and amortization	2,471	1,850	6,945	5,254
Other expenses	—	—		