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

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 23, 2018

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

Delaware
(State or other jurisdiction
of incorporation)

001-37379
(Commission File Number)

14-1961545
(IRS Employer
Identification No.)

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

Registrant's telephone number, including area code: (646) 624-2400
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

 - Emerging growth company

 - If an emerging growth company, indicate by 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.
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Item 1.01 Entry into a Material Definitive Agreement.

On March 23, 2018, The ONE Group Hospitality, Inc. (the “Company”) entered into a letter agreement (the “Agreement”) with David Kanen and Kanen Wealth Management LLC (collectively, the “Kanen Group”) regarding the composition of the Company’s Board of Directors (the “Board”). Pursuant to the terms of the Agreement, subject to certain conditions, the Kanen Group and the Company agreed that provided that the Kanen Group beneficially owns at least 10% of the Company’s outstanding common stock, the Kanen Group shall have the right to designate one member to the Company’s Board as a Class I director with a term expiring in 2020. The Company agreed to submit one of the prospective nominees provided by the Kanen Group to the Board for approval (the “Designee”). The Kanen Group also agreed to certain customary standstill provisions until the earliest to occur of (i) the end of the term for which a Designee is appointed (or such longer period as the Designee or, in certain circumstances, a replacement director selected pursuant to the Agreement, continues to serve on the Board), (ii) ten calendar days prior to the deadline for the submission of shareholder nominations for the Company’s 2019 annual meeting of stockholders (but only in the event that the Kanen Group beneficially owns 10% or more of the Company’s outstanding shares of common stock and the appointed Designee has tendered his resignation on or before such date) and (iii) five business days after such date, if any, that the Kanen Group provides written notice to the Company that the Company materially breached any of its commitments under the Agreement and where the Company has not cured such breach within 15 business days after such written notice (the “Standstill Period”). The standstill provisions generally prohibit the Kanen Group and its affiliates from taking specified actions during the Standstill Period with respect to the Company and its securities, including, among others: (i) soliciting or participating in the solicitation of proxies; (ii) joining any other “group” or becoming party to any voting arrangement or agreement; (iii) seeking or encouraging others to submit nominations for the election or removal of directors; or (iv) calling any meeting of stockholders, including by written consent, subject to certain conditions. During the Standstill Period, the Kanen Group has also agreed to vote its shares in favor of the Company’s nominees of existing directors for election to the Board and in accordance with any recommendations of the Board on certain other matters.

This summary of the Agreement does not purport to be complete and is qualified in its entirety by reference to the Agreement, a copy of which is attached as Exhibit 10.1 and is incorporated herein by reference.

Item 2.02 Results of Operations and Financial Condition.

On March 28, 2018, the Company issued a press release announcing certain financial results for the fourth quarter and full year ended December 31, 2017. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated into this Item 5.02 by reference.

Effective March 28, 2018, pursuant to the Agreement, the Board appointed Dimitrios J. Angelis as a Class I director with a term expiring at the Company's 2020 annual meeting of stockholders. The appointment of Mr. Angelis increases the size of the Board from five to six members.

Mr. Angelis, 48, brings over 15 years of legal and corporate governance experience to the Company. Mr. Angelis is currently Principal at Life Sciences Legal, serving as outside general counsel on all legal matters to several biotech, pharmaceutical, and medical device companies. Prior to joining Life Sciences Legal, Mr. Angelis was Chairman of the Board of Directors and CEO of OTI America, Inc. (NASDAQ: OTIV). Prior to his business leadership role at On Track Innovations, he was General Counsel and Corporate Secretary at Wockhardt, Inc., Senior Counsel at Dr. Reddy's Laboratories, Inc. and Chief Legal Officer at Osteotech, Inc. Mr. Angelis was formerly a director at Actavis Inc. Mr. Angelis currently serves as a director of Digirad Corporation (NASDAQ: DRAD) and AmeriHoldings (NASDAQ: AMRH).

As a non-employee director, Mr. Angelis is entitled to receive cash compensation and grants of stock options or other equity awards in accordance with the arrangements in effect for non-employee directors of the Company and its committees.

There are no transactions between Mr. Angelis and the Company that would be reportable under Item 404(a) of Regulation S-K.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

10.1 [Agreement, dated March 23, 2018, by and among The ONE Group Hospitality, Inc., David Kanen, and Kanen Wealth Management LLC.](#)

99.1 [Press Release, dated March 28, 2018.](#)

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 hereunto duly authorized.

Dated: March 28, 2018

THE ONE GROUP HOSPITALITY, INC.

By: /s/ Emanuel Hilario

Name: Emanuel Hilario

Title: President and Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
<u>10.1</u>	<u>Agreement, dated March 23, 2018, by and among The ONE Group Hospitality, Inc., David Kanen, and Kanen Wealth Management LLC.</u>
<u>99.1</u>	<u>Press Release, dated March 28, 2018.</u>

THE ONE GROUP HOSPITALITY, INC.

411 West 14th Street, 2nd Floor
New York, New York 10014

March 23, 2018

KWM | Philotimo
5850 Coral Ridge Drive
Suite 309
Coral Springs, FL 33076

Attention: David Kanen

Re: Letter Regarding Designee to Board of Directors

Dear Mr. Kanen:

This letter agreement (the “**Agreement**”) is by and among David Kanen and Kanen Wealth Management LLC (“**Kanen Wealth Management**”) (collectively, the “**Kanen Group**”, and each individually a “**member**” of the Kanen Group) and The ONE Group Hospitality, Inc. (the “**Company**”).

The Kanen Group beneficially owns 4,855,194 shares of the common stock of the Company (the “**Common Stock**”), which represents approximately 17.3% of the issued and outstanding shares of Common Stock based upon the amendment to Schedule 13D filed on December 29, 2017 by members of the Kanen Group with the United States Securities and Exchange Commission (the “**SEC**”).

In consideration of and reliance upon the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1 . Designee of One Board Member. Subject to Section 1(a) and 1(b) below, Kanen Group and the Company agree that provided that the Kanen Group beneficially owns at least 10% of the Company’s outstanding Common Stock, Kanen Group shall have the right to designate one member to the Company’s Board of Directors (the “**Board**”).

(a) Kanen Wealth Management has provided names of prospective nominees which are listed on Schedule A attached hereto (“**Nominees**”) to be considered for one seat on the Company’s Board.

(b) The Company has engaged in a thorough process of evaluating the qualifications and background of each of the Nominees and will submit one of the Nominees to the Board for approval (the “**Designee**”). In the event that the Board does not approve any of the Nominees, Kanen Wealth Management has the right but not the obligation to submit additional prospective nominees until one is approved by the Board.

- (c) The Designee will be appointed as a Class I director with a term expiring in 2020, provided that the Kanen Group beneficially owns at least 10% of the Company's Common Stock.
- (d) The Company agrees that the Designee shall be appointed to at least one of the standing committees of the Board.
- (e) The Company agrees that the Designee shall receive (i) the same benefits of director and officer insurance, and any indemnity arrangements available generally to the directors on the Board, (ii) the same compensation for service as a director as the compensation received by other non-employee directors on the Board, and (iii) such other benefits on the same basis as all other non-employee directors on the Board.

2. Standstill. Each member of the Kanen Group agrees, that it will not, and will cause its Affiliates or Associates (as such terms are defined in Rule 12b-2 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and its respective principals, directors, general partners, officers, employees, and agents and representatives acting on their behalf (collectively and individually, the "Kanen Affiliates") not to, directly or indirectly, absent prior express written invitation or authorization by the Board:

- (a) make, engage in or in any way participate in, directly or indirectly, any "solicitation" (as such term is used in the proxy rules of the SEC but without regard to the exclusion set forth in Rule 14a-1(1)(2)(iv) of the Exchange Act) of proxies or consents with respect to the election or removal of directors of the Company or any other matter or proposal or become a "participant" (as such term is used in the proxy rules of the SEC) in any such solicitation of proxies or consents from the Company's shareholders;
 - (b) encourage, influence or advise any other Person or assist any Person in so encouraging, influencing or advising any Person with respect to the giving or withholding of any proxy, consent or other authority to vote the Company's shares (other than such encouragement or advice that is consistent with the Board's recommendation in connection with such matter);
 - (c) form, join, encourage, influence, advise, act in concert with or in any way participate in, directly or indirectly, any "group" as defined pursuant to Section 13(d) of the Exchange Act, with respect to any Voting Securities, other than solely with Kanen Affiliates with respect to Voting Securities now or hereafter owned by them;
 - (d) (i) engage in, or become a party to, any swap or hedging transaction or other derivative agreement of any nature with respect to Voting Securities or (ii) acquire, or offer, seek or agree to acquire, by purchase or otherwise, or direct any third party in the acquisition of, any Voting Securities, or rights or options to acquire any Voting Securities of the Company, or engage in any swap or hedging transactions or other derivative agreements of any nature with respect to Voting Securities, in each case of clause (i) or clause (ii);
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- (e) sell, offer or agree to sell, directly or indirectly, through swap or hedging transactions or otherwise, voting rights decoupled from the underlying common stock of the Company held by the Kanen Group or any Kanen Affiliate to any Third Party (as defined below);
- (f) sell, offer or agree to sell, directly or indirectly, through swap or hedging transactions or otherwise, the securities of the Company or the underlying securities of the Company held by the Kanen Group or a Kanen Affiliate that would knowingly result in such Third Party, together with its affiliates and associates, owning, controlling or otherwise having any beneficial or other ownership interest in the aggregate of more than 4.9% of the shares of the Company's common stock outstanding at such time (including due to such Third Party, together with its affiliates and associates, owning, controlling or otherwise having any beneficial or other ownership interest in more than 4.9% prior to such sale, offer or agreement to sell), except in a transaction approved by the Board;
- (g) effect or seek to effect, offer or propose to effect, cause, make or in any way participate, directly or indirectly, (or in any way assist or facilitate any other person to do so) in any tender offer, exchange offer, merger, consolidation, acquisition, business combination, recapitalization, restructuring, liquidation, dissolution or extraordinary transaction involving the Company or any of its subsidiaries or the Company's securities or a material amount of the assets of the Company and its subsidiaries ("**Extraordinary Transaction**"), taken as a whole, or frustrate or seek to frustrate any Extraordinary Transaction proposed or endorsed by the Company, or make any public statement with respect to an Extraordinary Transaction (it being understood and agreed that the foregoing shall not restrict the Kanen Group from tendering shares, receiving payment for shares or otherwise participating in any such transaction on the same basis as other stockholders of the Company, or from participating in any such transaction that has been approved by the Board); or make, directly or indirectly, any proposal, either alone or in concert with others, to the Company or the Board that would reasonably be expected to require a public announcement regarding any of the types of matters set forth above in this Section 2;
- (h) enter into a voting trust or proxy, arrangement or agreement or subject any Voting Securities to any voting trust or proxy, arrangement or agreement, in each case other than solely with other Kanen Affiliates, with respect to Voting Securities now or hereafter owned by them and other than granting proxies in solicitations approved by the Board;
- (i) engage in any short sale or any purchase, sale or grant of any option, warrant, convertible security, stock appreciation right, or other similar right (including any put or call option or "swap" transaction) with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from a decline in the market price or value of the securities of the Company;
- (j) (i) except as set forth in Section 1 of this Agreement, seek, alone or in concert with others, election or appointment to, or representation on, the Board, or nominate or propose the nomination of, or recommend the nomination of, any candidate to the Board; or (ii) seek, alone or in concert with others, the removal or resignation of any member of the Board;
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- (k) make or be the proponent of any stockholder proposal (pursuant to Rule 14a-8 under the Exchange Act or otherwise);
 - (l) (i) call or seek to call any meeting of stockholders, including by written consent, (ii) except as set forth in Section 1 of this Agreement, seek representation on, or nominate any candidate to, the Board, (iii) seek the removal of any member of the Board, (iv) solicit consents from stockholders or otherwise act to seek or act by written consent, or (v) conduct a referendum of stockholders;
 - (m) make any request for stock list materials or other books and records of the Company under Section 220 of the Delaware General Corporation Law or other statutory or regulatory provisions providing for shareholder access to books and records;
 - (n) make any public statement or public proposal or request with respect to or take any action in support of (i) any change in the number or term of directors or the filling of any vacancies on the Board, (ii) any change in the capitalization or dividend policy of the Company, (iii) any other material change in the Company's management, business or corporate structure, (iv) any waiver, amendment or modification to the Company's certificate of incorporation or By-Laws, or other actions which may impede the acquisition of control of the Company by any person, (v) causing a class of securities of the Company to be delisted from, or to cease to be authorized to be quoted on, any securities exchange or (vi) causing a class of equity securities of the Company to become eligible for termination of registration pursuant to Section 12(g) (4) of the Exchange Act;
 - (o) institute, solicit, assist or join (or threaten to do so) any litigation, action, complaint, arbitration or other proceeding against or involving the Company or any of its current former or future directors, officers, employees, stockholders or Affiliates (including derivative actions), in order to effect or take any of the actions expressly prohibited by this paragraph 13;
 - (p) make any statement or announcement that constitutes an ad hominem attack on, or otherwise disparages or causes to be disparaged, the Company, any of the Company's Affiliates, or any of the Company's past, present or future officers or directors appointed during the term of this Agreement;
 - (q) make any public disclosure, announcement or statement regarding any intent, purpose, plan or proposal with respect to the Board, the Company, its management, policies or affairs, any of its securities or assets or this Agreement that is inconsistent with the provisions of this Agreement;
 - (r) enter into any discussions, negotiations, agreements or understandings with any Third Party to take any action that the Kanen Group is prohibited from taking pursuant to this Section 2;
 - (s) make any request or submit any proposal to amend or waive the terms of this Agreement, in each case which would reasonably be expected to result in a public announcement of such request or proposal; or
 - (t) disclose any intention, plan or arrangement to do any of the foregoing.
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(u) As used in this paragraph 13, the term (a) “Affiliate” shall have the meaning set forth in Rule 12b-2 promulgated under the Exchange Act and shall include Persons who become Affiliates of any Person subsequent to the date of this Agreement; (b) “Person” shall be interpreted broadly to include, among others, any individual, general or limited partnership, corporation, limited liability or unlimited liability company, joint venture, estate, trust, group, association or other entity of any kind or structure; (c) “Third Party” means any Person that is not the Kanen Group or an Affiliate of the Kanen Group; and (d) “Voting Securities” shall mean the shares of common stock of the Company and any other securities of the Company entitled to vote in the election of directors, or securities convertible into, or exercisable or exchangeable for, such shares or other securities, whether or not subject to the passage of time or other contingencies.

These standstill restrictions terminate upon the earliest to occur of (i) the end of the term for which a Designee is appointed (or such longer period as the Designee or, in certain circumstances, a replacement director selected pursuant to the Agreement, continues to serve on the Board), (ii) ten calendar days prior to the deadline for the submission of shareholder nominations for the Company’s 2019 annual meeting of stockholders (but only in the event that the Kanen Group beneficially owns 10% or more of the Company’s outstanding shares of Common Stock and the appointed Designee has tendered his resignation on or before such date) and (iii) five business days after such date, if any, that the Kanen Group provides written notice to the Company that the Company materially breached any of its commitments under the Agreement and where the Company has not cured such breach within 15 business days after such written notice (such period, the “Standstill Period”).

During the Standstill Period, the Kanen Group has also agreed to vote its shares in favor of the Company’s nominees of existing directors for election to the Board and in accordance with any recommendations of the Board on certain other matters. The Company agrees that during the Standstill Period neither it, nor any of its officer, directors or employees, will make any statement or announcement that constitutes an ad hominem attack on, or otherwise disparages or causes to be disparaged, the Kanen Group, or any member of the Kanen Group.

The Agreement will terminate upon the expiration of the Standstill Period.

3. Regulation FD. The Kanen Group hereby confirms that it is aware and that the Kanen Affiliates have been advised that the United States securities laws prohibit any person who has material non-public information about a company from purchasing or selling securities of such company. The Kanen Group acknowledges that the provisions of SEC Regulation FD requires the public announcement of previously non-public material information if that information is disclosed to anyone who has not agreed to maintain the confidentiality of that information. The Kanen Group agrees to take no action that would require the Company to make a public announcement pursuant to the requirements of Regulation FD.

4. Background Checks. The Company’s obligation under Section 1 is conditioned on the Board’s Nominating and Governance Committee’s completion, to its reasonable satisfaction with the results, of its review of the Nominees, including a satisfactory background check.

5. Representations and Covenants of the Kanen Group. The Kanen Group, jointly and severally, represent and warrant to the Company as follows: (i) each member of the Kanen Group that is an entity is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (ii) each member of the Kanen Group has the requisite power and authority to execute, deliver and carry out the terms and provisions of this Agreement and to consummate the transactions contemplated hereby; (iii) this Agreement has been duly and validly authorized, executed and delivered by each member of the Kanen Group, constitutes a valid and binding obligation and agreement of each member of the Kanen Group and is enforceable against each member of the Kanen Group in accordance with its terms; (iv) the Kanen Group, together with the Kanen Affiliates, beneficially own, directly or indirectly, an aggregate of 4,855,194 shares of Common Stock and such shares of Common Stock constitute all of the Common Stock beneficially owned by the Kanen Group and the Kanen Affiliates or in which the Kanen Group or the Kanen Affiliates have any interest or right to acquire, whether through derivative securities, voting agreements or otherwise; (v) Kanen and its Affiliates shall inform any party with shared voting or dispositive power over such securities of the terms of this Agreement; and (vi) as of the date of this Agreement, Kanen Wealth Management and its Affiliates beneficially own less than 20% of the outstanding Common Stock.

6. Public Announcements. The parties shall make the following public announcements and/or filings with the SEC:

(a) The Company shall file promptly with the SEC a Current Report on Form 8-K (the "Form 8-K") reporting entry into this Agreement and appending or incorporating by reference this Agreement as an exhibit thereto.

(b) The Kanen Group shall promptly, but in no case prior to the date of the filing of the Form 8-K by the Company pursuant to Section 6(a) hereof, prepare and file an amendment to Schedule 13D with respect to the Company reporting the beneficial ownership reflected in this Agreement and entry into this Agreement and amending the applicable items to conform to the obligations hereunder.

(c) None of the Kanen Group or the Kanen Affiliates shall (i) issue a press release in connection with this Agreement or the actions contemplated hereby or (ii) except as contemplated by this Section 6, otherwise make any public statement, disclosure or announcement with respect to this Agreement or the actions contemplated hereby, other than as mutually agreed to by the Company and the Kanen Group.

7. Miscellaneous. The parties agree that irreparable damage could occur in the event any of the provisions of this Agreement were not performed in accordance with the terms hereof and that such damage may not be adequately compensable in monetary damages. Accordingly, the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement exclusively in the federal or state courts in the City of New York, in addition to any other remedies at law or in equity, and each party agrees it will not take any action, directly or indirectly, in opposition to another party seeking relief. Each of the parties hereto agrees to waive any bonding requirement under any applicable law, in the case any other party seeks to enforce the terms by way of equitable relief. Furthermore, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of such federal or state courts in the City of New York in the event any dispute arises out of this Agreement or the transactions contemplated by this Agreement, (b) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (c) agrees that it shall not bring any action relating to this Agreement or the transactions contemplated by this Agreement in any court other than such federal or state courts in the City of New York. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING VALIDITY, INTERPRETATION AND EFFECT, BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE WITHOUT GIVING EFFECT TO ANY CONFLICT OR CHOICE OF LAW PRINCIPLES THAT MAY RESULT IN THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

8. Expenses. The Company will reimburse the Kanen Group for its reasonable, documented legal expenses in an amount up to \$2500 incurred in connection with the negotiation and execution of this Agreement. In the event that any legal action becomes necessary to enforce the Company's rights under this Agreement, the Company, if successful, shall be entitled, in addition to its court costs, to its reasonable attorneys' fees, expert witness fees and legal expenses.

9. Entire Agreement; Amendment. This Agreement contain the entire agreement and understanding of the parties with respect to the subject matter hereof and supersede any and all prior and contemporaneous agreements, memoranda, arrangements and understandings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof. This Agreement may be amended only by an agreement in writing executed by the parties hereto, and no waiver of compliance with any provision or condition of this Agreement and no consent provided for in this Agreement shall be effective unless evidenced by a written instrument executed by the party against whom such waiver or consent is to be effective. No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

10. Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein and all legal process in regard hereto shall be in writing and shall be deemed validly given, made or served, if (a) delivered in person or sent by overnight courier, when actually received during normal business hours at the address specified in this subsection, or (b) if given by e-mail, when such e-mail is transmitted to the e-mail address set forth below and the appropriate confirmation is received:

if to the Company: The ONE Group Hospitality, Inc.
411 West 14th Street, 2nd Floor
New York, New York 10014
Attention: Chief Executive Officer

With a copy to the General Counsel of The ONE Group Hospitality, Inc. at the same address

if to the Kanen Group: KWM | Philotimo
5850 Coral Ridge Drive
Suite 309
Coral Springs, FL 33076
Attention: David Kanen

Olshan Frome Wolosky LLP
1325 Avenue of the Americas
New York, NY 10019
Fax No.: (212) 451-2222
E-mail: afreedman@olshanlaw.com
Attention: Andrew Freedman, Esq.

11. Severability. If at any time subsequent to the date hereof, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon the legality or enforceability of any other provision of this Agreement.

12. Counterparts. This Agreement may be executed in two or more counterparts either manually or by electronic or digital signature (including by facsimile or electronic mail transmission), each of which shall be deemed to be an original and all of which together shall constitute a single binding agreement on the parties, notwithstanding that not all parties are signatories to the same counterpart.

13. No Third Party Beneficiaries; Assignment. This Agreement is solely for the benefit of the parties hereto and is not binding upon or enforceable by any other persons. No party to this Agreement may assign its rights or delegate its obligations under this Agreement, whether by operation of law or otherwise, and any assignment in contravention hereof shall be null and void. Nothing in this Agreement, whether express or implied, is intended to or shall confer any rights, benefits or remedies under or by reason of this Agreement on any persons other than the parties hereto, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party.

14. Interpretation and Construction. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement, unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" and "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "will" shall be construed to have the same meaning as the word "shall." The words "dates hereof" will refer to the date of this Agreement. The word "or" is not exclusive. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. Any agreement, instrument, law, rule or statute defined or referred to herein means, unless otherwise indicated, such agreement, instrument, law, rule or statute as from time to time amended, modified or supplemented. Each of the parties hereto acknowledges that it has been represented by counsel of its choice throughout all negotiations that have preceded the execution of this Agreement, and that it has executed the same with the advice of said independent counsel. Each party cooperated and participated in the drafting and preparation of this Agreement and the documents referred to herein, and any and all drafts relating thereto exchanged among the parties shall be deemed the work product of all of the parties and may not be construed against any party by reason of its drafting or preparation. Accordingly, any rule of law or any legal decision that would require interpretation of any ambiguities in this Agreement against any party that drafted or prepared it is of no application and is hereby expressly waived by each of the parties hereto, and any controversy over interpretations of this Agreement shall be decided without regards to events of drafting or preparation.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

Very truly yours,

THE ONE GROUP HOSPITALITY, INC.

/s/ Linda Siluk
By: Linda Siluk
Its: Interim Chief Financial Officer

AGREED AND ACCEPTED BY:

By: /s/ David Kanen
David Kanen

KANEN WEALTH MANAGEMENT LLC

By: /s/ David Kanen
Name: David Kanen
Title: President

[Signature page to letter.]



**The ONE Group Reports Fourth Quarter and Full Year 2017 Results
Company Provides Development Update and Issues Long-Term Growth Targets
Announces Appointment of New Director**

New York, NY – March 28, 2018– The ONE Group Hospitality, Inc. (“The ONE Group” or the “Company”) (NASDAQ: STKS), today reported its financial results for the fourth quarter and full year ended December 31, 2017. The Company also provided a development update, issued long-term growth targets and announced the appointment of a new director.

Highlights for the fourth quarter ended December 31, 2017 were as follows:

- Total GAAP revenue increased 6.1% to \$21.7 million compared to \$20.4 million in the same period last year;
- Comparable sales for owned and managed STK units, inclusive of our international units*, increased 9.5% compared to the same period last year. Domestic comparable sales were +6% and international comparable sales were +15.5%;
- GAAP net income from continuing operations before income taxes was \$71,000 compared to a loss of \$2.1 million for the same period last year;
- GAAP net loss attributable to The ONE Group Hospitality, Inc. was \$331,000 or \$0.01 loss per share compared to GAAP net loss of \$16.1 million or \$0.64 loss per share for the same period last year;
- Adjusted EBITDA** increased 58% to \$2.4 million compared to the same period last year and 54% to \$7.0 million for the full year; and,
- Total restaurant expenses decreased 540 basis points from 88% to 83% as a percentage of revenues.

Emanuel “Manny” Hilario, Chief Executive Officer, said “Fiscal 2017 was an outstanding year for both sales and profitability at The ONE Group. We stayed committed and made strong progress implementing and executing our four-point strategy of driving comparable sales; focusing growth on license and management deals; improving operational efficiency in the restaurants; and reducing corporate G&A. The comparable sales and EBITDA growth in our fourth quarter further demonstrates the successful execution of this strategy and we are confident this success will continue. We are particularly proud of the 540 basis point increase to consolidated restaurant level margin compared to last year as well as the over 50% increase in our fourth quarter and annual profits at the EBITDA level.”

Mr. Hilario continued, “Looking ahead, 2018 is shaping up to be even more exciting than last year. Interest in our brand is growing stronger as evidenced by the development pipeline for our high margin, asset-light business and we continue to see interest in our brand on a world-wide basis. Strong execution at the restaurant level coupled with our highly differentiated experience provides us with great confidence that 2018 will be a highly productive year for our business.”

Mr. Hilario concluded, “We are pleased to be providing greater transparency to our investors by articulating long-term growth targets. Growing our top-line will be based upon an asset-light model of adding three to five licensed units and one to two food and beverage hospitality deals annually, coupled with comparable sales growth in the low single digits (1% to 2%). We also intend to maintain strong restaurant-level EBITDA margins, benefitting from economies of scale and operating efficiencies, while remaining disciplined in our G&A management. If these targets can be achieved, we should be able to generate consistent growth in Adjusted EBITDA of 20%+ over the long-term.”

**Comparable sales or same store sales (“SSS”), represents total food and beverage sales at owned and managed units opened for a full 18-month period. This metric includes total revenue from our US owned and managed STK locations as well as the revenue reported to us with respect to comparable sales at our international locations (measured in constant currency), and excludes revenues where we do not directly control the event sales force (Royalton Hotel in NY and The W Hotel in Westwood, CA).*

Total food and beverage sales at owned and managed units, a non-GAAP measure, represents our total revenue from our owned operations as well as the revenue reported to us with respect to sales at our managed locations, where we earn management and incentive fees at these locations. For a reconciliation of our GAAP revenue to total food and beverage sales at our owned and managed units and a discussion of why we consider it useful, see the financial information accompanying this release.

*** Adjusted EBITDA, a non-GAAP measure, represents net loss before interest expense, provision for income taxes, depreciation and amortization, non-cash impairment loss, deferred rent, pre-opening expenses, non-recurring gains and losses, stock based compensation, losses from discontinued operations and certain transactional costs. For a reconciliation of adjusted EBITDA to the most directly comparable financial measure presented in accordance with GAAP and a discussion of why we consider it useful, see the financial information accompanying this release.*

Fourth Quarter 2017 Financial Results

Total GAAP Revenue increased 6.1% to \$21.7 million in the fourth quarter of 2017 compared to \$20.4 million in the same period last year due to sales increases in comparable and new stores along with increased revenue from management, license and incentive fee revenue.

Total owned net revenues increased 2.0% to \$18.3 million in the fourth quarter of 2017 compared to \$18.0 million in the fourth quarter of 2016. The increase was primarily due the opening of the STK in Denver in January 2017 and an increase in comparable sales, partially offset by the closing of the STK in Washington, DC in December 2016.

Comparable sales from owned STK units increased 5.8%, while comparable sales from both owned and managed STK units increased 6.0%. These increases reflect strong performances of the STK brand.

Management, license and incentive fee revenue increased 36.5% to \$3.3 million in the fourth quarter of 2017 compared to \$2.4 million in the fourth quarter of 2016. The increase was driven by higher management and incentive fees reflecting the strong performances of our European locations along with the launch of the licensed STK in Dubai in December.

GAAP net loss attributable to The ONE Group Hospitality, Inc. in the fourth quarter of 2017 the quarter was \$331,000 or \$0.01 loss per share compared to GAAP net loss of \$16.1 million or \$0.64 loss per share in the fourth quarter of 2016.

Adjusted EBITDA** increased 57.7% to \$2.4 million in the fourth quarter of 2017 from \$1.5 million in the fourth quarter of 2016.

Total food and beverage sales at owned and managed units* increased 1.4% to \$44.3 million in the fourth quarter of 2017 compared to \$43.7 million in the fourth quarter of 2016.

Full Year 2017 Financial Results

Total GAAP Revenue increased 10.2% to \$79.8 million for the full year 2017 compared to \$72.4 million in 2016 due to sales increases in comparable and new stores along with increased revenue from management, license and incentive fee revenue.

Total owned net revenues increased 7.7% to \$68.9 million in the full year 2017 compared to \$63.9 million in the full year 2016. The increase was primarily due to the opening of our STK in Denver and the increase in comparable sales across the brand restaurants.

Comparable sales from owned STK units increased 0.5% while comparable sales from owned and managed STK units increased 2.6% reflecting the success throughout the year of focused sales initiatives.

Management, license and incentive fee revenue increased 29.0% to \$10.9 million in the full year 2017 compared to \$8.5 million in the prior full year. The revenues increase was primarily driven by our UK operations.

GAAP net loss attributable to The ONE Group Hospitality, Inc. in the full year 2017 was \$4.2 million or \$0.16 loss per share compared to GAAP net loss of \$16.7 million or \$0.66 loss per share in the full year 2016.

Adjusted EBITDA increased 53.6% to \$7.0 million in the full year 2017 from \$4.5 million in the full year 2016.

Total food and beverage sales at owned and managed units* increased 8.0% to \$169.8 million in the full year 2017 compared to \$157.2 million in the full year 2016

Development Update - Projected 2018

Owned Restaurants - STK San Diego

Licensed Units - STK Dubai- Downtown, STK Doha, STK Puerto Rico, and STK Mexico City

Long-Term Growth Targets

The Company is providing the following long-term growth targets:

- Three to five licensed restaurant units and one to two food and beverage hospitality deals annually;
- Comparable sales growth of 1% to 2%;
- Consistent Adjusted EBITDA growth of at least 20%; and,
- Continued focus on our asset light model and disciplined G&A management, while benefitting from economies of scale and operating efficiencies.

Appointment of New Director

The Company named Dimitrios J. Angelis as an independent member to its Board of Directors effective March 28, 2018. Inclusive of his appointment, the Company's Board now consists of six directors.

Dimitrios J. Angelis brings over 15 years of legal and corporate governance experience to The ONE Group. Mr. Angelis is currently Principal at Life Sciences Legal, serving as outside general counsel on all legal matters to several biotech, pharmaceutical, and medical device companies. Before joining Life Sciences Legal, Mr. Angelis was Chairman of the Board of Directors and CEO of OTI America, Inc. (NASDAQ: OTIV). Prior to his business leadership role at On Track Innovations, he was General Counsel and Corporate Secretary at Wockhardt, Inc., Senior Counsel at Dr. Reddy's Laboratories, Inc. and Chief Legal Officer at Osteotech, Inc. Mr. Angelis was formerly a director at Actavis Inc. He began his career at Mayer, Brown, LLP as a Corporate Associate.

Mr. Angelis currently serves as a director of Digirad Corporation (NASDAQ: DRAD) and AmeriHoldings (NASDAQ: AMRH). He holds a Bachelor of Arts degree from Boston College, a Master of Arts from California State University, and a Juris Doctorate from New York University School of Law.

Mr. Hilario, Chief Executive Officer, said, "We are pleased to welcome Dimitrios to our Board of Directors as an independent member. Dimitrios is a strategic thinker with an extensive legal background and board experience and will be a valuable asset to our entire organization."

"I am honored to join the Board of Directors of The ONE Group, which has established itself as leader in the high-end restaurant and hospitality segment," added Dimitrios Angelis. "I look forward to working with the other directors to create long-term shareholder value."

Conference Call

The Company will host a conference call to discuss fourth quarter 2017 financial results and its long-term growth targets today at 5:00 PM Eastern Time. Hosting the call will be Manny Hilario, Chief Executive Officer and Linda Siluk, Interim Chief Financial Officer.

The conference call can be accessed live over the phone by dialing 877-407-3982 or for international callers by dialing 201-493-6780. A replay will be available after the call and can be accessed by dialing 844-512-2921 or for international callers by dialing 201-493-6780; the passcode is 13675576. The replay will be available until April 11, 2018.

About The ONE Group

The ONE Group (NASDAQ:STKS) is a global hospitality company that develops and operates upscale, high-energy restaurants and lounges and provides hospitality management services for hotels, casinos and other high-end venues both nationally and internationally. The ONE Group's primary restaurant brand is STK, a modern twist on the American steakhouse concept with locations in major metropolitan cities throughout the U.S. and Europe. ONE Hospitality, The ONE Group's food and beverage hospitality services business, provides the development, management and operations for premier restaurants and turn-key food and beverage services within high-end hotels and casinos. Additional information about The ONE Group can be found at www.togrp.com.

Cautionary Statement on Forward-Looking Statements

This press release includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. For example, the statements related to the exploration of strategic alternatives and the potential results therefrom and the statements related to our strategic review of our operations targeting sources for 2018 and beyond are forward-looking. Forward-looking statements may be identified by the use of words such as “anticipate”, “believe”, “expect”, “estimate”, “plan”, “outlook”, and “project” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. 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) 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) 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) in the case of our strategic review of operations, 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) changes in applicable laws or regulations; (5) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; and (6) other risks and uncertainties indicated from time to time in our filings with the SEC, including our Annual Report on Form 10-K filed for the year ended December 31, 2017.

Investors are referred to the most recent reports filed with the SEC by The ONE Group Hospitality, Inc. Investors are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events, or otherwise.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited, in thousands, except share and per share data)

The following table sets forth certain statements of operations and comprehensive income data for the periods indicated:

	For the quarter ended December	
	2017	2016
Revenues:		
Owned restaurant net revenues	\$ 16,554	\$ 15,647
Owned food, beverage and other revenues	1,767	2,320
Total owned revenue	18,321	17,967
Management, license and incentive fee revenue	3,340	2,447
Total revenues	21,661	20,414
Cost and expenses:		
Owned operating expenses:		
Restaurants:		
Owned restaurant cost of sales	4,394	4,019
Owned restaurant operating expenses	9,348	9,820
Total restaurant expenses	13,742	13,839
Owned food, beverage and other expenses	2,100	2,198
Total owned operating expenses	15,842	16,037
General and administrative (including stock-based compensation of \$330 and \$115, respectively)	3,101	2,993
Settlements	—	—
Depreciation and amortization	430	819
Lease termination expense and related asset write-offs	898	529
Pre-opening expenses	377	1,513
Transaction costs	167	788
Equity in loss (income) of investee companies	79	(182)
Other expense (income), net	333	(173)
Total costs and expenses	21,227	22,324
Operating income (loss)	434	(1,910)
Other expenses, net:		
Derivative income	—	—
Interest expense, net of interest income	363	187
Total other expenses, net	363	187
Income (loss) from continuing operations before provision for income taxes	71	(2,097)
Provision for income taxes	285	13,937
Loss from continuing operations	(214)	(16,034)
Loss from discontinued operations, net of taxes	—	93
Net loss	(214)	(16,127)
Less: net income attributable to noncontrolling interest	117	21
Net loss attributable to The ONE Group Hospitality, Inc.	\$ (331)	\$ (16,148)
Currency translation adjustment	(228)	(973)
Comprehensive loss	\$ (559)	\$ (17,121)
Basic and diluted loss per share:		
Continuing operations	\$ (0.01)	\$ (0.64)
Discontinued operations	\$ —	\$ —
Attributable to The ONE Group Hospitality, Inc.	\$ (0.01)	\$ (0.64)
Shares used in computing basic and diluted loss per share	26,182,210	25,050,628

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited, in thousands, except share and per share data)

The following table sets forth certain statements of operations and comprehensive income data for the periods indicated:

	For the years ended December	
	2017	2016
Revenues:		
Owned restaurant net revenues	\$ 58,654	\$ 54,068
Owned food, beverage and other revenues	10,227	9,880
Total owned revenue	68,881	63,948
Management, license and incentive fee revenue	10,917	8,466
Total revenues	79,798	72,414
Cost and expenses:		
Owned operating expenses:		
Restaurants:		
Owned restaurant cost of sales	15,544	13,781
Owned restaurant operating expenses	37,036	34,542
Total restaurant expenses	52,580	48,323
Owned food, beverage and other expenses	9,396	8,805
Total owned operating expenses	61,976	57,128
General and administrative (including stock-based compensation of \$1,074 and \$838, respectively)	11,580	11,172
Settlements	1,295	—
Depreciation and amortization	3,051	2,647
Lease termination expense and related asset write-offs	1,781	529
Pre-opening expenses	1,663	5,994
Transaction costs	421	1,293
Equity in income of investee companies	(77)	(674)
Other expense (income), net	196	(46)
Total costs and expenses	81,886	78,043
Operating loss	(2,088)	(5,629)
Other expenses, net:		
Derivative income	—	(100)
Interest expense, net of interest income	1,167	464
Total other expenses, net	1,167	364
Loss from continuing operations before provision for income taxes	(3,255)	(5,993)
Provision for income taxes	650	10,370
Loss from continuing operations	(3,905)	(16,363)
Loss from discontinued operations, net of taxes	106	92
Net loss	(4,011)	(16,455)
Less: net income attributable to noncontrolling interest	188	233
Net loss attributable to The ONE Group Hospitality, Inc.	\$ (4,199)	\$ (16,688)
Currency translation adjustment	(38)	(1,124)
Comprehensive loss	\$ (4,237)	\$ (17,812)
Basic and diluted loss per share:		
Continuing operations	\$ (0.16)	\$ (0.66)
Discontinued operations	\$ —	\$ —
Attributable to The ONE Group Hospitality, Inc.	\$ (0.16)	\$ (0.66)
Shares used in computing basic and diluted loss per share	25,402,330	25,078,113

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (unaudited)

The following table sets forth certain statements of income data as a percentage of total revenues for the periods indicated:

	For the quarters ended December	
	31,	
	2017	2016
Revenues:		
Owned restaurant net revenues	76.4%	76.6%
Owned food, beverage and other revenues	8.2%	11.4%
Total owned revenues	84.6%	87.9%
Management, license and incentive fee revenues	15.4%	12.0%
Total revenues	100.0%	100.0%
Cost and expenses:		
Owned operating expenses:		
Restaurants:		
Owned restaurant cost of sales ⁽¹⁾	26.5%	25.7%
Owned restaurant operating expenses ⁽¹⁾	56.5%	62.8%
Total restaurant expenses ⁽¹⁾	83.0%	88.4%
Owned food, beverage and other expenses ⁽²⁾	118.8%	94.7%
Total owned operating expenses ⁽³⁾	86.5%	89.3%
General and administrative (including noncash compensation expense of 1.5% and 0.6%, respectively)	14.3%	14.7%
Settlements	—%	—%
Depreciation and amortization	2.0%	4.0%
Lease termination and related asset write-offs	4.1%	2.6%
Pre-opening expenses	1.7%	7.4%
Transaction costs	0.8%	3.9%
Equity in loss (income) of investee companies	0.4%	(0.9)%
Other expense (income)	1.5%	(0.8)%
Total costs and expenses	98.0%	109.4%
Operating loss	2.0%	(9.4)%
Other expenses, net:		
Derivative income	—%	—%
Interest expense, net of interest income	1.7%	0.9%
Total other expenses, net	1.7%	0.9%
Loss from continuing operations before provision for income taxes	0.3%	(10.3)%
Provision for income taxes	1.3%	68.3%
Loss from continuing operations	(1.0)%	(78.5)%
Loss from discontinued operations, net of taxes	—%	(0.5)%
Net loss	(1.0)%	(79.0)%
Less: net income attributable to noncontrolling interests	0.5%	0.1%
Net loss attributable to The One Group Hospitality, Inc.	(1.5)%	(79.1)%

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

(2) These expenses are being shown as a percentage of owned food, beverage and other net revenues.

(3) These expenses are being shown as a percentage of total owned revenue.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (unaudited)

The following table sets forth certain statements of income data as a percentage of total revenues for the periods indicated:

	For the years ended December	
	31,	31,
	2017	2016
Revenues:		
Owned restaurant net revenues	73.5%	74.7%
Owned food, beverage and other revenues	12.8%	13.6%
Total owned revenues	86.3%	88.3%
Management, license and incentive fee revenues	13.7%	11.7%
Total revenues	100.0%	100.0%
Cost and expenses:		
Owned operating expenses:		
Restaurants:		
Owned restaurant cost of sales ⁽¹⁾	26.5%	25.5%
Owned restaurant operating expenses ⁽¹⁾	63.1%	63.9%
Total restaurant expenses ⁽¹⁾	89.6%	89.4%
Owned food, beverage and other expenses ⁽²⁾	91.9%	89.1%
Total owned operating expenses ⁽³⁾	90.0%	89.3%
General and administrative (including noncash compensation expense of 1.3% and 1.2%, respectively)	14.5%	15.4%
Settlements	1.6%	—%
Depreciation and amortization	3.8%	3.7%
Lease termination and related asset write-offs	2.2%	0.7%
Pre-opening expenses	2.1%	8.3%
Transaction costs	0.5%	1.8%
Equity in income of investee companies	(0.1)%	(0.9)%
Other expense (income)	0.2%	(0.1)%
Total costs and expenses	102.6%	107.8%
Operating loss	(2.6)%	(7.8)%
Other expenses, net:		
Derivative income	—%	(0.1)%
Interest expense, net of interest income	1.5%	0.6%
Total other expenses, net	1.5%	0.5%
Loss from continuing operations before provision for income taxes	(4.1)%	(8.3)%
Provision for income taxes	0.8%	14.3%
Loss from continuing operations	(4.9)%	(22.6)%
Loss from discontinued operations, net of taxes	(0.1)%	(0.1)%
Net loss	(5.0)%	(22.7)%
Less: net income attributable to noncontrolling interests	0.3%	0.3%
Net loss attributable to The One Group Hospitality, Inc.	(5.3)%	(23.0)%

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

(2) These expenses are being shown as a percentage of owned food, beverage and other net revenues.

(3) These expenses are being shown as a percentage of total owned revenue.

CONSOLIDATED BALANCE SHEET
(unaudited, in thousands)

	December 31,	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,557	\$ 918
Accounts receivable	5,910	4,960
Inventory	1,402	1,309
Other current assets	1,035	1,743
Due from related parties, net	—	416
Total current assets	9,904	9,346
Property & equipment, net	37,811	36,815
Investments	2,957	3,066
Deferred tax assets, net	69	51
Other assets	444	662
Security deposits	2,031	2,204
Total assets	\$ 53,216	\$ 52,144
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 5,228	\$ 3,762
Accrued expenses	7,419	5,549
Deferred license revenue	115	110
Deferred gift card revenue	999	613
Due to related parties, current	35	—
Current portion of long-term debt	3,241	3,154
Total current liabilities	17,037	13,188
Deferred license revenue, long-term	1,271	1,110
Due to related parties, long-term	1,197	1,197
Deferred rent and tenant improvement allowances	17,030	16,171
Long-term debt, net of current portion	10,115	13,099
Total liabilities	46,650	44,765
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 27,152,101 and 25,050,628 shares issued and outstanding at December 31, 2017 and 2016, respectively	3	3
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; no shares issued and outstanding at December 31, 2017 and 2016	—	—
Additional paid-in capital	41,029	37,384
Accumulated deficit	(31,962)	(27,763)
Accumulated other comprehensive loss	(1,582)	(1,544)
Total stockholders' equity	7,488	8,080
Noncontrolling interests	(922)	(701)
Total equity	6,566	7,379
Total Liabilities and Equity	\$ 53,216	\$ 52,144

Reconciliation of Non-GAAP Measures

We prepare our financial statements in accordance with generally accepted accounting principles (GAAP). In this press release, we also make references to the following non-GAAP financial measures: total food and beverage sales at owned and managed units and adjusted EBITDA.

Total food and beverage sales at owned and managed units. Total food and beverage sales at owned and managed units represents our total revenue from our owned operations as well as the revenue reported to us with respect to sales at our managed locations, where we earn management and incentive fees at these locations. We believe that this measure represents a useful internal measure of performance as it identifies total sales associated with our brands and hospitality services that we provide. We believe that this measure also represents a useful internal measure of performance. Accordingly, we include this non-GAAP measure so that investors can review financial data that management uses in evaluating performance, and we believe that it will assist the investment community in assessing performance of restaurants and other services we operate, whether or not the operation is owned by us. However, because this measure is not determined in accordance with GAAP, it is susceptible to varying calculations and not all companies calculate these measures in the same manner. As a result, this measure as presented may not be directly comparable to a similarly titled measure presented by other companies. This non-GAAP measure is presented as supplemental information and not as an alternative to any GAAP measurements. The following table includes a reconciliation of our GAAP revenue to total food and beverage sales at our owned and managed units (in thousands):

	For the quarter ended		For the year ended	
	December 31, 2017 (unaudited)	December 31, 2016 (unaudited)	December 31, 2017 (unaudited)	December 31, 2016 (unaudited)
Owned restaurant net revenue (a)	\$ 16,554	\$ 15,647	\$ 58,654	\$ 54,068
Owned food, beverage and other revenues (a)	1,767	2,320	10,227	9,880
Total owned revenue	18,321	17,967	68,881	63,948
Management, license and incentive revenue	3,340	2,447	10,917	8,466
GAAP Revenues	\$ 21,661	\$ 20,414	\$ 79,798	\$ 72,414
Food and Beverage Sales from Managed Units (a)	\$ 25,979	\$ 25,733	\$ 100,963	\$ 93,255
Total Food and Beverage sales at Owned and Managed Units	\$ 44,300	\$ 43,700	\$ 169,844	\$ 157,203

(a) Components of Total Food & Beverage Sales at Owned and Managed Units

The following table presents the elements of the Comparable sales measure for Fiscal 2017 on a quarterly basis. Note that comparable sales for international managed business is determined on a constant currency basis.

	Q1	Q2	Q3	Q4	Year
US Owned Restaurants	-1.8%	1.2%	-0.9%	5.8%	0.5%
US Managed Locations	8.3%	2.5%	6.5%	6.6%	6.0%
US Total	2.6%	1.7%	1.9%	6.0%	2.6%
International	13.2%	2.6%	9.4%	15.5%	10.0%
Global	6.0%	2.0%	4.6%	9.5%	5.2%

Adjusted EBITDA. We define adjusted EBITDA as net loss before interest expense, provision for income taxes, depreciation and amortization, non-cash impairment loss, deferred rent, pre-opening expenses, non-recurring gains and losses, stock based compensation, losses from discontinued operations and certain transactional costs. Adjusted EBITDA has been presented in this press release and is a supplemental measure of financial performance that is not required by, or presented in accordance with, GAAP.

We believe that adjusted EBITDA is an appropriate measure of operating performance, as it provides a clear picture of our operating results by eliminating certain non-cash expenses that are not reflective of the underlying business performance. We use this metric to facilitate a comparison of our operating performance on a consistent basis from period to period and to analyze the factors and trends affecting our business as well as evaluate the performance of our units. Adjusted EBITDA has limitations as an analytical tool and our calculation thereof 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 included in this press release because it is a key metric used by management. Additionally, adjusted EBITDA is frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We use adjusted EBITDA, alongside other GAAP measures such as net income (loss), to measure profitability, as a key profitability target in our annual and other budgets, and to compare our performance against that of peer companies. We believe that adjusted EBITDA provides useful information facilitating operating performance comparisons from period to period.

The following table presents a reconciliation of net income to adjusted EBITDA for the periods indicated (unaudited, in thousands):

	For the quarters ended December	
	31,	
	2017	2016
Net loss attributable to The ONE Group Hospitality, Inc.	\$ (331)	\$ (16,148)
Net income attributable to noncontrolling interest	117	21
Net loss	(214)	(16,127)
Interest expense, net of interest income	363	187
Provision for income taxes	285	13,937
Depreciation and amortization	430	819
EBITDA	864	(1,184)
Deferred rent (1)	(21)	(250)
Pre-opening expenses	377	1,513
Lease termination and related asset write-offs (2)	898	529
Loss from discontinued operations	—	93
Transaction costs (3)	167	788
Stock based compensation	330	115
Adjusted EBITDA	2,615	1,604
Adjusted EBITDA attributable to noncontrolling interest	187	64
Adjusted EBITDA attributable to The ONE Group Hospitality, Inc.	\$ 2,428	\$ 1,540

	For the years ended December	
	31,	
	2017	2016
Net loss attributable to The ONE Group Hospitality, Inc.	\$ (4,199)	\$ (16,688)
Net income attributable to noncontrolling interest	188	233
Net loss	(4,011)	(16,455)
Interest expense, net of interest income	1,167	464
Provision for income taxes	650	10,370
Depreciation and amortization	3,051	2,647
EBITDA	857	(2,974)
Deferred rent (1)	(61)	(657)
Pre-opening expenses	1,663	5,994
Lease termination and related asset write-offs (2)	1,781	529
Loss from discontinued operations	106	92
Transaction costs (3)	421	1,293
Derivative income	—	(100)
Stock based compensation	1,074	838
Settlements	1,295	—
Equity share of settlement costs	270	—
Adjusted EBITDA	7,406	5,015
Adjusted EBITDA attributable to noncontrolling interest	456	491
Adjusted EBITDA attributable to The ONE Group Hospitality, Inc.	\$ 6,950	\$ 4,524

(1) Deferred rent is included in owned restaurant operating expenses and general and administrative expense on the statement of operations and comprehensive income.

(2) Lease termination and related asset write-offs is related to the costs associated with closed or abandoned locations.

(3) Transaction costs relate to the evaluation of strategic alternatives, liquidity improvement options and capital raising activities.

Investor Contact:

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