

ONE Group Hospitality, Inc.
Form DEF 14A
April 25, 2019
TABLE OF CONTENTS

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

The ONE Group Hospitality, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1)
Title of each class of securities to which transaction applies:

2)
Aggregate number of securities to which transaction applies:

3)

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Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4)
Proposed maximum aggregate value of transaction:

5)
Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing:

1)
Amount previously paid:

2)
Form, Schedule or Registration Statement No.:

3)
Filing party:

4)
Date Filed:

TABLE OF CONTENTS

THE ONE GROUP HOSPITALITY, INC.

411 W. 14th Street, 2nd Floor

New York, New York 10014

April 25, 2019

To Our Stockholders:

I am pleased to invite you to attend our 2019 annual meeting of stockholders of The ONE Group Hospitality, Inc., which will be held at 11:00 a.m. EDT on Tuesday, June 4, 2019 at STK, 26 Little West 12th Street, New York, NY 10014.

Looking back on my first full year as President and CEO, I could not be more proud of the success that we saw throughout 2018 and continue to build upon in 2019. We made meaningful progress across all components of our four-point strategy. Our top-line growth performance reflects our high level of execution and ability to incorporate VIBE dining into every aspect of the STK steakhouse restaurant experience, supported by our national happy hour program, our event business, and social-media driven marketing. We also made progress improving our restaurant profitability through lower cost of sales and operating expenses as a percentage of owned restaurant sales, and reduced corporate overhead expenses both in dollars and as a percentage of revenues. Finally, our focus on “capital-light” development resulted in two international licensed STK openings in Dubai and Mexico City along with one company-owned STK in San Diego during the second half of last year.

In terms of our financial performance, 2018 was a strong year for the business. Total revenues increased 7.5% to \$85.6 million for 2018 compared to \$79.7 million for 2017. We reported a robust 9.4% increase in domestic comparable store sales for STK restaurants for 2018. Income from operations for 2018 grew to \$5.8 million from a \$2.7 million loss in 2017 and Adjusted EBITDA increased by 50% to \$10.5 million for 2018 compared to 2017.

Kicking off 2019, we opened our third STK restaurant in the Middle East region with a licensed STK in Doha, Qatar and opened a company-owned STK in Nashville, Tennessee. The six STK openings between December 2017 and March 2018 represent a 46% growth in the number of STK restaurants. For the remainder of 2019, we target opening an additional two to four STK restaurants and adding one to two F&B venues.

We are excited about the future of the STK brand with a strong pipeline of sustainable growth. Over the long term, we target opening three to five licensed STK restaurant units and adding one to two F&B venues annually.

We are passionate about our restaurants, F&B operations, and our primary growth STK brand, and we thank our team across the globe for making the STK brand so highly differentiated and for contributing to a record 2018.

Thank you for being a partner and stockholder in our company. We look forward to seeing you at the annual meeting and in our restaurants.

Sincerely,

Emanuel P.N. Hilario

President and Chief Executive Officer

TABLE OF CONTENTS

THE ONE GROUP HOSPITALITY, INC.

411 W. 14th Street, 2nd Floor

New York, New York 10014

April 25, 2019

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

TIME: 11:00 a.m.

DATE: June 4, 2019

PLACE: STK, 26 Little West 12th Street, New York, NY 10014

PURPOSES:

1.

To elect two Class III directors to serve a three-year term expiring in 2022;

2.

To ratify the appointment of Plante Moran, P.C. as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019;

3.

To approve the compensation of our named executive officers, as disclosed in this proxy statement;

4.

To amend the 2013 Employee, Director and Consultant Equity Incentive Plan; and

5.

To transact such other business that is properly presented at the annual meeting and any adjournments or postponements thereof.

WHO MAY VOTE:

You may vote if you were the record owner of The ONE Group Hospitality, Inc. common stock at the close of business on April 22, 2019. A list of stockholders of record will be available at the annual meeting and, during the 10 days before the annual meeting, at our principal executive offices located at 411 W. 14th Street, 2nd Floor, New York, New York 10014.

All stockholders are invited to attend the annual meeting. Whether you plan to attend the annual meeting or not, we urge you to vote by following the instructions in the Important Notice Regarding the Availability of Proxy Materials that you will receive and submit your proxy by the Internet or mail to ensure the presence of a quorum. You may change or revoke your proxy at any time before it is voted at the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Linda Siluk
Secretary

TABLE OF CONTENTS

TABLE OF CONTENTS

	PAGE
<u>Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Meeting to be Held on June 4, 2019</u>	1
<u>Important Information About the Annual Meeting and Voting</u>	2
<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	6
<u>Management and Corporate Governance</u>	9
<u>Executive Officer and Director Compensation</u>	14
<u>Equity Compensation Plan Information</u>	21
<u>Report of Audit Committee</u>	22
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	23
<u>Certain Relationships and Related Person Transactions</u>	24
<u>Election of Directors</u>	25
<u>Independent Registered Public Accounting Firm</u>	26
<u>Approval of Executive Compensation as Disclosed in this Proxy Statement</u>	29
<u>Amendments to 2013 Employee, Director and Consultant Equity Incentive Plan</u>	32
<u>Code of Conduct and Ethics</u>	36
<u>Other Matters</u>	36
<u>Stockholder Proposals and Nominations For Directors</u>	36

iii

TABLE OF CONTENTS

THE ONE GROUP HOSPITALITY, INC.

411 W. 14th Street, 2nd Floor

New York, New York

10014

PROXY STATEMENT FOR THE ONE GROUP HOSPITALITY, INC.

2019 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 4, 2019

This proxy statement contains information about the 2019 annual meeting of stockholders of The ONE Group Hospitality, Inc. We are holding the annual meeting at 11:00 a.m., local time, on Tuesday, June 4, 2019, at STK, 26 Little West 12th Street, New York, NY 10014.

In this proxy statement, we sometimes refer to The ONE Group Hospitality, Inc. as the “Company,” “we” and “us.”

This proxy statement relates to the solicitation of proxies by our Board of Directors for use at the annual meeting.

On or about April 25, 2019, we will send the Important Notice Regarding the Availability of Proxy Materials to all stockholders entitled to vote at the annual meeting.

iv

TABLE OF CONTENTS

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 4, 2019

This proxy statement and our 2018 annual report to stockholders are available at <http://www.togrp.com/proxy.html>. To vote your shares, please follow the instructions on the Notice or proxy card. You can elect to receive future distributions of our proxy statements and annual reports to stockholders by electronic delivery by following the instructions contained on the proxy card.

Additionally, you can find a copy of our Annual Report on Form 10-K, which includes our financial statements, for the fiscal year ended December 31, 2018, on the website of the Securities and Exchange Commission, or the SEC, at www.sec.gov, or under “SEC Filings” in the “Investor Relations” section of our website at www.togrp.com. You may also obtain a printed copy of our Annual Report on Form 10-K free of charge by sending a written request to: Linda Siluk, The ONE Group Hospitality, Inc., 411 West 14th Street, 2nd Floor, New York, New York 10014. Exhibits to the Annual Report on Form 10-K will be provided upon written request and payment of an appropriate processing fee.

1

TABLE OF CONTENTS

IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Why is the Company Soliciting My Proxy?

The Board of Directors (the “Board”) of The ONE Group Hospitality, Inc. is soliciting your proxy to vote at the 2019 annual meeting of stockholders to be held at STK, 26 Little West 12th Street, New York, NY 10014, on Tuesday, June 4, 2019 at 11:00 a.m. and any adjournments of the meeting. The proxy statement summarizes the purposes of the meeting and the information you need to know to vote at the annual meeting.

We have made available to you on the Internet or have sent you this proxy statement, the Notice of 2019 Annual Meeting of Stockholders, the proxy card and a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, because you owned shares of common stock of The ONE Group Hospitality, Inc. on the record date. The Company will distribute the Important Notice Regarding the Availability of Proxy Materials, which we refer to throughout this proxy statement as the Notice, and, if necessary, the proxy materials to stockholders on or about April 25, 2019.

Why Did I Receive a Notice in the Mail Regarding the Internet Availability of Proxy Materials Instead of a Full Set of Proxy Materials?

We furnish our proxy materials to most of our stockholders by providing access to the materials on the Internet, rather than mailing printed copies. We believe that this process expedites stockholders’ receipt of proxy materials, lowers the costs of the annual meeting and conserves natural resources. If you received a Notice by mail or electronically, you will not receive a printed or email copy of the proxy materials, unless you request one by following the instructions included in the Notice. The Notice instructs you how to access and review all of the proxy materials and submit your proxy on the Internet. If you requested a paper copy of the proxy materials, you may instruct how your shares will be voted by following the instructions on the proxy card.

Who Can Vote?

Only stockholders who owned our common stock at the close of business on April 22, 2019, are entitled to vote at the annual meeting. On that date, there were 28,626,880 shares of our common stock outstanding and entitled to vote. You do not need to attend the annual meeting to vote your shares. Shares represented by valid proxies, received and not revoked prior to the annual meeting, will be voted at the annual meeting. For instructions on how to change or revoke your proxy, see “May I Change or Revoke My Proxy?” below.

How Many Votes Do I Have?

Each share of our common stock that you own entitles you to one vote.

How Do I Vote?

Whether or not you plan to attend the annual meeting, we urge you to vote by proxy. All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via Internet. You may specify whether your shares should be voted for or withheld for the nominee for director and whether your shares should be voted for, against or abstain with respect to each of the other proposals. If you properly submit a proxy without giving specific voting instructions, your shares will be voted in accordance with the Board’s recommendations as noted below. Voting by proxy will not affect your right to attend the annual meeting. If your shares are registered directly in your name through our stock transfer agent, Continental Stock Transfer & Trust Company, Inc. (“Continental”), or you have stock certificates registered in your name, you may vote:

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By Internet. Follow the instructions included in the Notice or, if you received printed materials, in the proxy card to vote by Internet;

TABLE OF CONTENTS

- By mail. If you received a proxy card by mail, you can vote by mail by completing, signing, dating and returning the proxy card as instructed on the card. If you sign the proxy card but do not specify how you want your shares voted, they will be voted in accordance with the Board's recommendations as noted below; or

- In person at the meeting. If you attend the meeting, you may deliver a completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting

Stockholders of record may vote via the Internet at any time up to 11:59 p.m. Eastern Time on June 3, 2019. If your shares are held in "street name" (held in the name of a bank, broker or other holder of record), you will receive instructions from the holder of record. You must follow the instructions from the holder of record for your shares to be voted. Internet voting also will be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the annual meeting, you should contact your broker or agent to obtain a legal proxy or broker's proxy card and bring it to the annual meeting in order to vote.

How Does the Board Recommend That I Vote on the Proposals?

The Board recommends that you vote as follows:

- "FOR" the election of the nominees for director;

- "FOR" the ratification of the selection of Plante Moran, P.C. as our independent registered public accounting firm for our fiscal year ending December 31, 2019;

- "FOR" the compensation of our named executive officers as disclosed in this proxy statement; and

- "FOR" the amendments to the 2013 Employee, Director and Consultant Equity Incentive Plan.

We are not aware of any other matters that needed to be acted on at the annual meeting. If any other matter is presented at the annual meeting, your proxy provides that your shares will be voted by the proxy holder listed in the proxy in accordance with his best judgment.

May I Change or Revoke My Proxy?

If you give us your proxy, you may change or revoke it at any time before the annual meeting. You may change or revoke your proxy in any one of the following ways:

- if you received a proxy card, by signing a new proxy card with a date later than your previously delivered proxy and submitting it as instructed above;

- by re-voting on the Internet as instructed above;

- by notifying The ONE Group Hospitality, Inc.'s Secretary in writing before the annual meeting that you have revoked your proxy; or

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by attending the annual meeting in person and voting in person. Attending the annual meeting in person will not in and of itself revoke a previously submitted proxy. You must specifically request at the annual meeting that it be revoked.

Your most current vote, whether by Internet or proxy card, is the one that will be counted.

What if I Receive More Than One Notice or Proxy Card?

You may receive more than one Notice or proxy card if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described above under “How Do I Vote?” for each account to ensure that all of your shares are voted.

3

TABLE OF CONTENTS

Will My Shares be Voted if I Do Not Vote?

If your shares are registered in your name or if you have stock certificates, they will not be counted if you do not vote as described above under “How Do I Vote?” If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above, the bank, broker or other nominee that holds your shares has the authority to vote your unvoted shares only on the ratification of the appointment of our independent registered public accounting firm (Proposal 2 of this proxy statement) without receiving instructions from you. If you hold your shares in street name and you do not instruct your bank, broker or other nominee how to vote, no votes will be cast on any other proposal on your behalf.

What Vote is Required to Approve Each Proposal and How are Votes Counted?

Proposal 1: Elect Directors

The nominees for director who receive the most votes (also known as a “plurality” of the votes cast) will be elected. You may vote either FOR all the nominees or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of the directors.

Proposal 2: Ratify Selection of Independent Registered Public Accounting Firm

The votes cast “for” must exceed the votes cast “against” to ratify the selection of our independent registered public accounting firm. Abstentions will have no effect on the results of this vote. We are not required to obtain the approval of our stockholders to select our independent registered public accounting firm. However, if our stockholders do not ratify the selection of Plante Moran, P.C. as our independent registered public accounting firm for 2019, our Audit Committee of our Board of Directors will reconsider its selection.

Proposal 3: Approve the Compensation of our Named Executive Officers

The votes cast “for” must exceed the votes cast “against” to approve the compensation of our named executive officers. Although the vote is advisory and non-binding, the Compensation Committee and the Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Proposal 4: Approve Amendments to our 2013 Employee, Director and Consultant Stock Equity Plan

The votes cast “for” must exceed the votes cast “against” to approve amendments to our 2013 Employee, Director and Consultant Stock Equity Plan. Abstentions will have no effect on the results of this vote.

Proxy holders will vote your shares as you instruct. Abstentions and broker non-votes do not affect the vote on any of the proposals.

Is Voting Confidential?

We will keep all the proxies, ballots and voting tabulations private. We only let our Inspectors of Election, Continental, examine these documents. Management will not know how you voted on a specific proposal unless it is necessary to meet legal requirements. We will, however, forward to management any written comments you make on the proxy card or otherwise provide.

Where Can I Find the Voting Results of the Annual Meeting?

The preliminary voting results will be announced at the annual meeting, and we will publish final results in a Current Report on Form 8-K within four business days of the annual meeting.

How are Proxies Solicited for the Annual Meeting?

The Company is soliciting proxies for the annual meeting. We will pay all of the costs of soliciting these proxies. Our directors and employees may solicit proxies in person or by telephone, fax or email. We will pay these employees and directors no additional compensation for these services. We will ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their principals and to obtain authority to execute proxies. We will then reimburse them for their expenses.

TABLE OF CONTENTS

What Constitutes a Quorum for the Annual Meeting?

The presence, in person or by proxy, of the holders of a majority of the voting power of all outstanding shares of our common stock entitled to vote at the annual meeting is necessary to constitute a quorum at the annual meeting. Votes of stockholders of record who are present at the annual meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

Householding of Annual Disclosure Documents

SEC rules concerning the delivery of annual disclosure documents allow us or your broker to send a single Notice or, if applicable, a single set of our proxy materials to any household at which two or more of our stockholders reside, if we or your broker believe that the stockholders are members of the same family. This practice, referred to as “householding,” reduces the volume of duplicate information received at your household and helps to reduce our expenses. The rule applies to our Notices, annual reports, proxy statements and information statements. Once you receive notice from your broker or from us that communications to your address will be “household,” the practice will continue until you are otherwise notified or until you revoke your consent to the practice. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

If your household received a single Notice or, if applicable, a single set of proxy materials this year, but you would prefer to receive your own copy, please contact our transfer agent, Continental, by calling them at (212) 509-4000.

If you do not wish to participate in “householding” and would like to receive your own Notice or, if applicable, a set of our proxy materials in future years, follow the instructions described below. Conversely, if you share an address with another Company stockholder and together both of you would like to receive only a single Notice or, if applicable, a set of proxy materials, follow these instructions:

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If your shares of The ONE Group Hospitality, Inc. are registered in your own name, please contact our transfer agent, Continental, and inform them of your request by writing them at 1 State Street, New York, New York 10004.

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If a broker or other nominee holds your shares, please contact the broker or other nominee directly and inform them of your request. Be sure to include your name, the name of your brokerage firm and your account number.

Electronic Delivery of Company Stockholder Communications

Most stockholders can elect to view or receive copies of future proxy materials over the Internet instead of receiving paper copies in the mail.

You can choose this option and save the Company the cost of producing and mailing these documents by:

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following the instructions provided on your proxy card; or

-

following the instructions provided when you vote over the Internet.

TABLE OF CONTENTS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth the number of shares of our common stock beneficially owned as of April 22, 2019, by (i) each person known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock, (ii) each of our directors and named executive officers and (iii) all current officers and directors as a group. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Shares of our common stock that may be acquired by an individual or group within 60 days of April 22, 2019, pursuant to the exercise of options, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

Percentage ownership calculations for beneficial ownership are based on 28,626,880 shares outstanding as of April 22, 2019. Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of our common stock shown to be beneficially owned by them, based on information provided to us by such stockholders. The address for each director and executive officer listed is 411 West 14th Street, 2nd Floor, New York, NY 10014.

Directors and Officers:	Amount and Nature of Beneficial Ownership(1)	Percentage of Common Stock Beneficially Owned (%)
Emanuel P.N. Hilario	512,306	1.8%
Tyler Loy	15,000	0.1
Linda Siluk	14,000	*
Celeste Fierro(2)	924,660	3.2%
Jonathan Segal(3)	7,480,764	25.7%
Michael Serruya(4)	301,790	1.1%
Eugene M. Bullis	58,879	0.2
Dimitrios Angelis	18,458	*
All current executive officers and directors as a group (8 individuals)	9,325,857	31.4%

5% Stockholders:	Number of Shares Beneficially Owned	Percentage of Common Stock Beneficially Owned (%)
Kanen Wealth Management LLC(5) 5850 Coral Ridge Drive, Suite 309 Coral Springs, FL 33076	4,836,872	16.9%
Argyle Street Management Limited(6) Unit 601-2, 6th Floor St. George's Building 2 Ice House Street Central, Hong Kong	1,500,000	5.2%
Twinleaf Management, LLC(7) 131 Brookwood Lane	1,477,816	5.2%

New Canaan, CT 06840

6

TABLE OF CONTENTS

5% Stockholders:	Number of Shares Beneficially Owned	Percentage of Common Stock Beneficially Owned (%)
Maguire Financial, LP(8) 300 Four Falls Corporate Center 300 Conshohocken State Road, Suite 405 West Conshohocken, Pennsylvania 19428	1,476,897	5.2%

*

Represents less than 1% of the issued and outstanding shares.

(1)
All securities are beneficially owned directly by the persons listed on the table (except as otherwise indicated).

(2)
Includes options to purchase 350,000 shares of common stock that are exercisable within 60 days of April 22, 2019.

(3)
Includes (i) 156,952 shares of common stock held by Modern Hotels (Holdings) Limited, of which Mr. Segal is the Managing Director, (ii) 386,166 shares of common stock held by the Jonathan Segal 2012 Family Trust, of which Mr. Segal is a trustee, (iii) 1,000,000 shares of common stock held by the Jonathan Segal 2016 Family Trust #2, of which Mr. Segal is a trustee; and (iv) options to purchase 476,416 shares of common stock that are exercisable within 60 days of April 22, 2019.

(4)
Includes 197,712 shares of common stock held by MOS Holdings Inc., an entity owned by Mr. Serruya.

(5)
Based solely on (i) a Schedule 13D/A filed with the SEC on August 9, 2018 by Kanen Wealth Management LLC, a Florida limited liability company (“KWM”), and David L. Kanen, the managing member for KWM, and (ii) a Form 4 filed with the SEC on April 4, 2019, by Mr. Kanen, KWM and The Philotimo Fund LLC (“Philotimo”). KWM, in its role as investment manager for customer accounts, has discretionary voting and dispositive power over the shares of common stock held in the accounts. Mr. Kanen, as the managing member of KWM, may be deemed to share voting and dispositive power over such shares of common stock with KWM. KWM, as the general partner of Philotimo, and Mr. Kanen, as the managing member of KWM, may be deemed to share voting and dispositive power over the shares of common stock held by Philotimo. Mr. Kanen, as the managing member of KWM, may be deemed the beneficial owner of the shares owned by KWM and Philotimo. As of April 4, 2019, KWM directly owned 2,971,635 shares, Philotimo directly owned 1,845,000 shares, and Mr. Kanen directly owned 20,237 Shares.

(6)
Based solely on a Schedule 13D filed with the SEC on September 3, 2018 by Argyle Street Management Limited, a British Virgin Islands incorporated company, whose principal business is to act as investment manager of ASM Connaught House Fund LP, ASM Connaught House (Master) Fund II LP and ASM Co-Investment Term Trust I, shares are owned as follows: (i) ASM Connaught House Fund LP (780,000 shares), (ii) ASM Connaught House (Master) Fund II LP (540,000 shares) and (iii) ASM Co-Investment Term Trust I (180,000 shares). Our former director, Mr. Kin Chan, acts as chief investment officer to Argyle Street Management Limited; Argyle Street Management Limited, in its capacity as investment manager of ASM Co-Investment Term Trust I, ASM Connaught

House Fund LP and ASM Connaught House (Master) Fund II LP, has the ability to direct the management of ASM Co-Investment Term Trust I, ASM Connaught House Fund LP and ASM Connaught House (Master) Fund II LP's business. As such, Mr. Kin Chan has the power to direct the decisions of Argyle Street Management Limited, which itself has the power to direct the decisions of ASM Co-Investment Term Trust I, ASM Connaught House Fund LP and ASM Connaught House (Master) Fund II LP regarding the vote and disposition of securities directly or indirectly beneficially held by ASM Co-Investment Term Trust I, ASM Connaught House Fund LP and ASM Connaught House (Master) Fund II LP; therefore, Mr. Kin Chan may be deemed to have indirect beneficial ownership of the common stock beneficially held by ASM Co-Investment Term Trust I, ASM Connaught House Fund LP and ASM Connaught House (Master) Fund II LP.

TABLE OF CONTENTS

(7)

Based solely on a Schedule 13D filed with the SEC on April 1, 2019, by Twinleaf Management, LLC, a Connecticut limited liability company. The shares are allocated across ten discretionary client accounts. Such clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities. No client account contains an interest relating to more than five percent of the common stock. Spencer Grimes, as managing member of Twinleaf Management LLC, may be deemed to beneficially own the shares of common stock.

(8)

Based solely on a Schedule 13D/A filed with the SEC on March 8, 2019, by Maguire Asset Management, LLC, a Delaware limited liability company, and Timothy Maguire. Mr. Maguire is the managing member of Maguire Asset Management, which is the general partner of Maguire Financial, LP, a Delaware limited partnership, and may be deemed to beneficially own the shares of common stock.

8

TABLE OF CONTENTS

MANAGEMENT AND CORPORATE GOVERNANCE

The Board of Directors

Our Board has the discretion to set the size of the Board from time to time, and has set the number of directors at five. Our Board is divided into three classes. One class is elected at each annual meeting of stockholders to serve for a three-year term. We currently have five directors sitting on the Board, classified into three classes as follows:

(1) Eugene M. Bullis constitutes a class with a term ending at the 2021 annual meeting; (2) Jonathan Segal and Emanuel P.N. Hilario constitute a class with a term ending at the 2019 annual meeting; and (3) Michael Serruya and Dimitrios Angelis constitute a class with a term ending at the 2020 annual meeting.

On November 15, 2017, we entered into an agreement with Argyle Street Management Limited (“ASM”), who, along with certain affiliates, was an investor in our November 2017 offering, pursuant to which we agreed that ASM has the right to designate one member to our Board, who initially was Mr. Kin Chan, for so long as ASM and its affiliates beneficially own at least 750,000 shares of common stock. Mr. Chan resigned from his position as a member of the Board on January 29, 2019, prior to the expiration of his term ending at the 2021 annual meeting.

On March 23, 2018, we entered into a letter agreement with David Kanen and Kanen Wealth Management LLC (collectively, the “Kanen Group”) pursuant to which we agreed that, provided that the Kanen Group beneficially owns at least 10% of our outstanding common stock, the Kanen Group has the right to nominate one Class I director with a term expiring in 2020. Pursuant to this agreement, the Board appointed Dimitrios Angelis as a Class I director with a term expiring at our 2020 annual meeting of stockholders.

On March 26, 2019, our Board accepted the recommendation of the Nominating and Governance Committee and voted to nominate Emanuel P.N. Hilario and Jonathan Segal for election at the annual meeting for a term of three years to serve until the 2022 annual meeting of stockholders.

Set forth below are the names of the persons nominated as directors and directors whose terms do not expire this year, their ages, their offices in the Company, if any, their principal occupations or employment for at least the past five years, the length of their tenure as directors and the names of other public companies in which they hold or have held directorships during the past five years. Additionally, information about the specific experience, qualifications, attributes or skills that led to our Board’s conclusion at the time of filing of this proxy statement that each person listed below should serve as a director is set forth below:

Name	Age	Positions
Emanuel P.N. Hilario	51	President, Chief Executive Officer and Director
Jonathan Segal		