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## Kona Grill, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

Yes. Thank you. (Operator Instructions) Your first question comes from Matthew Difrisko - Oppenheimer & Co.

**Matthew Difrisko - Oppenheimer & Co.**

Mark, I think you said, if I heard right, you had cash at the end of the year of \$5.5 million, though I think in the press release it says current assets of \$4.7. I'm just curious, what am I missing that's not cash that shouldn't be falling into the current assets? Why is current assets lower than cash?

**Mark S. Robinow**

Because our auction rate securities are carried as long-term liabilities at this point.

Matt, just to clarify, we had available to us through our own investments and borrowing against our auction rate securities and our own cash balances, as I said, we had \$5.5 million available in like-cash investments at the end of the year.

**Matthew Difrisko - Oppenheimer & Co.**

And then how much do you presume you'll need for cash needs to open these four stores?

**Mark S. Robinow**

We're going to need approximately - our CapEx for the year is probably \$10 to \$11 million range. And then we will generate our own EBITDA during the year, but we have a cash shortfall of several million dollars.

**Matthew Difrisko - Oppenheimer & Co.**

And then I guess the question is: What is the current strategy for financing and, I guess, what's the status of an offering? The last we heard I think it was a \$1.50 offering for the million share loan. What stands out there right now or what are your strategies for financing this growth?

**Mark S. Robinow**

We issued a press release several weeks ago, Matt, that we are reviewing multiple avenues of financing, including equity, debt, equipment financing, bridge financing, and that is in process. We can't comment on that at this point, but we are pursuing multiple avenues of financing the company at

this point in time. And as Marcus said, management is working with a special committee of the Board to complete that capital raise.

**Matthew Difrisko - Oppenheimer & Co.**

And then just looking also at your comp sales, I was curious if you can give us any color on how that looked as far as region. Was there any cannibalization from the Glendale opening or the fourth store opening in Arizona or does that market seem to - can you give us some color being an Arizona store? Is that city starting to floor and maybe recover now on the comp side?

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