



April 30, 2019

To Our Valued Supplier:

As previously announced, Kona Grill, Inc. (“Kona Grill”) engaged Piper Jaffray & Co (“Piper Jaffray”) in March to help evaluate strategic options, including a possible sale of the Company. Since then, Piper Jaffray has engaged in a thorough marketing process and identified several potential buyers.

In order to further the sale process, Kona Grill today filed voluntary petitions for protection under Chapter 11 of the United States Bankruptcy Code.

The Company is undertaking this process with the support of its current lenders, KeyBank National Association and Zions First National Bank (“KeyBank” and “Zions”, respectively), who have agreed to provide \$6.0 million in Debtor-in-Possession financing to ensure an efficient bankruptcy and sale process. This funding will provide Kona Grill sufficient liquidity to fund its operations until the transaction is completed.

The Company intends to continue to order and pay for goods and services provided after today’s filing date under our customary terms.

Your cooperation will help ensure that our businesses can continue working together for many years to come.

Additional information, including the press release we issued this morning, can be found on the Kona Grill website at www.KonaGrill.com. The Company has also established a Restructuring Information Hotline for interested parties at 855-424-7676 (toll-free domestic) or 503-597-7718 (direct dial international).

Court filings and information about the claims process can be found at a separate website maintained by the Company’s claims agent, Epiq, at <https://dm.epiq11.com/konagrill>.

We believe this process will ultimately position our company and business partners for future growth and success. We greatly appreciate your support, and we look forward to continuing and strengthening our relationship.

Sincerely,

Jonathan Tibus
Chief Executive Officer

Frequently Asked Questions for Vendors

1. Does the Chapter 11 filing mean the company is going out of business?

No. Kona Grill's remaining restaurants continue to operate and remain open for business.

2. Will Kona Grill pay suppliers for goods and services provided on or after May 1, 2019?

Yes. Kona Grill will continue to pay its network of suppliers on normal terms and schedules for goods and services received on or after May 1, 2019. The U.S. Bankruptcy Code requires that a debtor pay for goods and services delivered post-petition (May 1st or after) as "administrative expenses," which are paid ahead of most other claims

We have secured an additional \$6M in financing to adequately fund the operations of the business. As always, we value our important relationship and we look forward to working closely with you throughout this process and into the future.

3. Will Kona Grill pay suppliers for amounts owed for goods and services provided prior to the April 30, 2019 Chapter 11 petition filing date?

Federal law precludes Kona Grill from making payments owed at the time of the April 30, 2019, Chapter 11 filing without a Court order. Amounts owed at the time of the filing will eventually be addressed during the Chapter 11 process.

4. I am owed money for services provided prior to the filing, will I be paid in full?

As part of the Chapter 11 process, Kona Grill will develop a plan to address all creditor claims. As the filing just occurred, that plan has not yet been formulated. Once it is, all creditors with valid claims will be notified.

Additionally, as part of the court process, a committee of unsecured creditors will be appointed to represent the interests of all unsecured creditors.

5. Why should I continue to do business with you?

The Chapter 11 process provides assurance that Kona Grill can and will pay all suppliers for provided goods and services on or after May 1, 2019. Additionally, Kona Grill generates positive cash flow from operations and secured \$6M in debtor-in-possession financing to provide additional liquidity during the liquidation process.

6. What does Kona hope to accomplish through this Chapter 11 reorganization?

The actions we are taking are intended to facilitate the sale of Kona's business to a long-term viable owner that can optimize and grow the business in the future.

7. Where can I find more information?

You can find information on the sale process at <https://dm.epiq11.com/konagrill> and 855-424-7676.