

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): **February 11, 2015**

**Rave Restaurant Group, Inc.**

(Exact name of registrant as specified in its charter)

**Missouri** **0-12919** **45-3189287**  
(State or other jurisdiction of incorporation) (Commission File Number) (IRS Employer Identification No.)

**3551 Plano Parkway, The Colony, Texas** **75056**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(469) 384-5000**

**Pizza Inn Holdings, Inc.**

(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))
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**Item 2.02 Results of Operations and Financial Condition**

On February 11, Rave Restaurant Group, Inc. issued a press release discussing financial results of its second quarter of fiscal 2015 ended December 28, 2014, a copy of which is attached as Exhibit 99.1 hereto.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

99.1 Rave Restaurant Group, Inc. press release dated February 11, 2015.

**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.

**Rave Restaurant Group, Inc.**

Date: February 11, 2015

By: /s/ Randall E. Gier  
Randall E. Gier, President and  
Chief Executive Officer

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February 11, 2015

**RAVE Restaurant Group, Inc. Reports Second Quarter of  
Fiscal Year 2015 Financial Results**

**THE COLONY, Texas** – RAVE Restaurant Group, Inc. (NASDAQ:RAVE) today reported financial results for the second quarter of fiscal 2015 ended December 28, 2014.

**Second Quarter Highlights:**

- Pizza Inn domestic comparable store retail sales increased 6.4% from the same period of the prior year.
- Pie Five comparable store retail sales increased 16.9% year over year.
- Pie Five system-wide total retail sales increased 118%, and average weekly sales increased 31.6%, year over year.
- Total consolidated revenue increased 11.0% year over year.
- Net loss of \$0.4 million was similar to the same quarter of the prior year.
- Adjusted EBITDA increased by \$0.2 million over the same quarter of the prior year.
- Seven additional Pie Five restaurants opened during the quarter bringing the total Pie Five restaurants open at the end of the quarter to 31.
- Pie Five signed four additional franchisees with commitments to build up to 72 restaurants in five states.

RAVE Restaurant Group, Inc. (NASDAQ:RAVE) today announced results for its second quarter of fiscal 2015 ended December 28, 2014. The Company's net loss of \$0.4 million in the second quarter was similar to the comparable period in the prior fiscal year. Year-to-date net loss improved by \$0.1 million to a net loss of \$0.7 million, while Adjusted EBITDA for the first six months improved by \$0.4 million to a profit of \$0.1 million.

"The first half of our fiscal year was critical to establishing our growth foundation," said Randy Gier, CEO. "Pizza Inn recorded its third consecutive quarter of positive comp sales, reflecting a clear stabilization of our legacy brand. Pie Five continues to report double digit comps, while we invest resources to open new Company and franchisee restaurants," added Gier.

**Second Quarter Fiscal 2015 Operating Results**

Total revenues for the second quarter of fiscal 2015 and the comparable prior year quarter were \$11.1 million and \$10.0 million, respectively, an increase of 11.0% year over year. Additional franchise development fees previously received from Pie Five franchisees have been deferred and will be recognized as future restaurants are opened.

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Pizza Inn domestic comparable store retail sales increased 6.4% from the same period in the prior year. “We are pleased with the growth of the Pizza Inn brand, resulting from focused improvement of ingredient qualities, cooperative marketing programs and store remodeling,” said Gier. “Importantly, our momentum is continuing into the current quarter as a result of close cooperation with our franchisees around key sales and operations initiatives.”

For Pie Five, system-wide retail sales increased 118% for the second quarter of fiscal 2015 when compared to the same period in the prior year driven by a 62.5% increase in average units open and a 31.6% increase in the system-wide average weekly sales. Average weekly sales by \$3,543 to \$14,759 for the second quarter of fiscal 2015 compared to the same period of the prior year. Comparable store retail sales, which is reported for restaurants open 18 months or longer during the quarter, increased by 16.9% for the most recent fiscal quarter compared to the same period in the prior year. The increase in average weekly sales was due to both the strong sales increase in existing Company-owned restaurants and higher than average sales levels of newer franchised and Company-owned restaurants.

“The story continues for Pie Five,” said Gier. “We continue to see both strong comps and steady improvement in average weekly volumes. Consumers continue to embrace the concept and increase their visit frequency. We continue to refine our real estate selection and deliver stronger new store opening support. Our ability to simultaneously grow both comparable store retail sales and average unit volumes is a testament to a sustainable, expandable investment model for ourselves and our franchisees,” concluded Gier.

For the second quarter of fiscal 2015, revenue from the Franchising and Food and Supply Distribution segment increased \$0.6 million, or 7.3%.

Second quarter revenues from the Company-owned Restaurants segment increased \$0.5 million, or 23.5%, compared to the prior year. This increase was primarily the net result of an increase in comparable store retail sales.

#### **Development Review**

Seven new Pie Five restaurants were opened by the Company and franchisees in the second quarter fiscal 2015, bringing the fiscal quarter-end total to 31 restaurants. In the Pizza Inn system, franchisees opened 3 new restaurants for the quarter while closing 2 restaurants, ending the fiscal quarter at 252 total Pizza Inn Company-owned and franchised restaurants worldwide.

“We are on track with our development plans to aggressively, but intelligently, expand the Pie Five brand,” said Gier. “Given the current leases executed for new Company-owned and franchised restaurants and the pipeline of new potential sites, we expect to end the 2015 fiscal year with 60 to 65 total restaurants open in the Pie Five system, which includes an estimated 25 to 28 total Company-owned restaurants.”

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“Since the start of the current third fiscal quarter, we have already opened an additional two Company-owned and three franchised restaurants. While construction is never an exact science, we are on track to open high quality sites within our targeted range for the year,” added Gier.

During the second quarter of fiscal 2015, the Company signed four new franchise development agreements to develop up to 72 additional Pie Five restaurants in Michigan, Wisconsin, Colorado, Indiana and Kentucky. The Company currently has Pie Five franchise restaurant development commitments for a total of up to 329 restaurants.

Gier continued, “We are pleased that our pipeline of new restaurants is coming to fruition. We have been selective in bringing on high quality, experienced franchise operators, and diligent in holding out for high quality sites to open Pie Five Company-owned and franchised restaurants.”

#### **Non-GAAP Financial Measures**

The Company uses certain non-GAAP financial measures in evaluating operating performance. These non-GAAP financial measures should not be viewed as an alternative or substitute for its financial statements prepared in accordance with generally accepted accounting principles. Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, stock compensation expense, pre-opening expense, impairment, gain/loss on sale of assets, lease charges and costs related to closed restaurants. A reconciliation of Adjusted EBITDA to net income is included with the accompanying financial statements.

#### **Note Regarding Forward Looking Statements**

Certain statements in this press release, other than historical information, may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbors created thereby. These forward-looking statements are based on current expectations that involve numerous risks, uncertainties and assumptions. Assumptions relating to these forward-looking statements involve judgments with respect to, among other things, future economic, competitive and market conditions, regulatory framework and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of RAVE Restaurant Group, Inc. Although the assumptions underlying these forward-looking statements are believed to be reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that any forward-looking statements will prove to be accurate. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of such information should not be regarded as a representation that the objectives and plans of RAVE Restaurant Group, Inc. will be achieved.

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#### **About RAVE Restaurant Group, Inc.**

Headquartered in the Dallas suburb of The Colony, TX, RAVE Restaurant Group, Inc., is an owner, franchisor and supplier of a system of restaurants operating domestically and internationally under the trademarks "Pizza Inn" and "Pie Five Pizza Co." Pizza Inn is an international pizza chain featuring traditional and specialty pizzas, as well as freshly made pastas, sandwiches, and desserts. Pie Five Pizza Co. is a fast-casual concept offering individual pizzas made to order and cooked in less than five minutes. Founded in 1958, RAVE Restaurant Group, Inc. owns and franchises approximately 280 restaurants. The Company's common stock is listed on the Nasdaq Capital Market under the symbol "RAVE". For more information, please visit [www.raverestaurantgroup.com](http://www.raverestaurantgroup.com).

Contact:  
Investor Relations  
RAVE Restaurant Group, Inc.  
469-384-5000

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**RAVE RESTAURANT GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(In thousands, except per share amounts)*  
*(Unaudited)*

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>December 28, 2014</b>	<b>December 29, 2013</b>	<b>December 28, 2014</b>	<b>December 29, 2013</b>
<b>REVENUES:</b>	\$ 11,127	\$ 10,028	\$ 22,434	\$ 20,095
<b>COSTS AND EXPENSES:</b>				
Cost of sales	9,534	8,445	19,148	17,119
General and administrative expenses	1,215	1,135	2,324	2,151
Franchise expenses	750	806	1,465	1,473
Pre-opening expenses	136	70	172	156
Bad debt	12	65	92	110
Interest expense	3	36	109	79
	<u>11,650</u>	<u>10,557</u>	<u>23,310</u>	<u>21,088</u>
<b>LOSS FROM CONTINUING OPERATIONS BEFORE TAXES</b>	(523)	(529)	(876)	(993)
Income tax benefit	(167)	(180)	(282)	(334)
<b>LOSS FROM CONTINUING OPERATIONS</b>	<u>(356)</u>	<u>(349)</u>	<u>(594)</u>	<u>(659)</u>
Loss from discontinued operations, net of taxes	(43)	(48)	(70)	(89)
<b>NET LOSS</b>	<u>\$ (399)</u>	<u>\$ (397)</u>	<u>\$ (664)</u>	<u>\$ (748)</u>
<b>LOSS PER SHARE OF COMMON STOCK - BASIC:</b>				
Loss from continuing operations	\$ (0.04)	\$ (0.04)	\$ (0.06)	\$ (0.08)
Loss from discontinued operations	-	(0.01)	(0.01)	(0.01)
Net loss	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>
<b>LOSS PER SHARE OF COMMON STOCK - DILUTED:</b>				
Loss from continuing operations	\$ (0.04)	\$ (0.04)	\$ (0.06)	\$ (0.07)
Loss from discontinued operations	-	-	(0.01)	(0.01)
Net loss	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ (0.07)</u>	<u>\$ (0.08)</u>
<b>Weighted average common shares outstanding - basic</b>	<u>9,393</u>	<u>8,615</u>	<u>9,392</u>	<u>8,510</u>
<b>Weighted average common and potential dilutive common shares outstanding</b>	<u>9,895</u>	<u>9,246</u>	<u>9,905</u>	<u>9,115</u>



**RAVE RESTAURANT GROUP, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(In thousands, except share amounts)*

<b>ASSETS</b>	<b>December 28, 2014 (unaudited)</b>	<b>June 29, 2014</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,189	\$ 2,796
Accounts receivable, less allowance for bad debts accounts of \$259 and \$276, respectively	2,751	3,276
Notes receivable	88	81
Inventories	1,444	1,703
Income tax receivable	384	386
Deferred income tax assets	1,010	951
Prepaid expenses and other	679	173
Total current assets	<u>8,545</u>	<u>9,366</u>
<b>LONG-TERM ASSETS</b>		
Property, plant and equipment, net	6,014	5,133
Long-term notes receivable	125	134
Long-term deferred tax asset	1,220	939
Deposits and other	268	396
Total assets	<u>\$ 16,172</u>	<u>\$ 15,968</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	\$ 1,233	\$ 2,023
Accrued expenses	976	926
Deferred rent	143	163
Deferred revenues	328	177
Bank debt	-	500
Total current liabilities	<u>2,680</u>	<u>3,789</u>
<b>LONG-TERM LIABILITIES</b>		
Bank debt, net of current portion	-	267
Deferred rent, net of current portion	904	822
Deferred revenues, net of current portion	1,154	791
Deferred gain on sale of property	21	34
Other long-term liabilities	30	23
Total liabilities	<u>4,789</u>	<u>5,726</u>
<b>COMMITMENTS AND CONTINGENCIES</b> (See Note 3)		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, \$.01 par value; authorized 26,000,000 shares; issued 16,573,335 and 16,240,412 shares, respectively; outstanding 9,453,935 and 9,121,012 shares, respectively	166	162
Additional paid-in capital	17,706	15,905
Retained earnings	18,147	18,811
Treasury stock at cost		
Shares in treasury: 7,119,400	(24,636)	(24,636)
Total shareholders' equity	<u>11,383</u>	<u>10,242</u>
	<u>\$ 16,172</u>	<u>\$ 15,968</u>

**RAVE RESTAURANT GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(In thousands)*  
*(Unaudited)*

	<b>Six Months Ended</b>	
	<b>December 28, 2014</b>	<b>December 29, 2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (664)	\$ (748)
Adjustments to reconcile net loss to cash (used in) provided by operating activities:		
Depreciation and amortization	741	687
Stock compensation expense	53	30
Deferred income taxes	(340)	(388)
Gain on sale of assets	-	(40)
Provision for bad debt	92	110
Changes in operating assets and liabilities:		
Notes and accounts receivable	438	(526)
Inventories	259	249
Accounts payable - trade	(790)	465
Accrued expenses	58	111
Deferred revenue	501	263
Prepaid expenses and other	(376)	(26)
<b>Cash (used in) provided by operating activities</b>	<b>(28)</b>	<b>187</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of assets	-	40
Capital expenditures	(1,564)	(1,873)
<b>Cash used in investing activities</b>	<b>(1,564)</b>	<b>(1,833)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from sale of stock	1,752	2,625
Repayments of bank debt	(767)	(1,019)
<b>Cash provided by financing activities</b>	<b>985</b>	<b>1,606</b>
Net decrease in cash and cash equivalents	(607)	(40)
Cash and cash equivalents, beginning of period	2,796	919
Cash and cash equivalents, end of period	<u>\$ 2,189</u>	<u>\$ 879</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

**CASH PAYMENTS FOR:**

Interest	\$ 12	\$ 79
Income taxes - net	<u>\$ -</u>	<u>\$ 1</u>

**RAVE RESTAURANT GROUP, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
*(In thousands)*  
*(Unaudited)*

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>December 28, 2014</b>	<b>December 29, 2013</b>	<b>December 28, 2014</b>	<b>December 29, 2013</b>
Net loss	\$ (399)	\$ (397)	\$ (664)	\$ (748)
Interest expense	3	36	109	79
Income Taxes--Continuing Operations	(167)	(180)	(282)	(334)
Income Taxes--Discontinued Operations	(19)	(25)	(34)	(47)
Depreciation and amortization	365	322	741	687
EBITDA	<u>\$ (217)</u>	<u>\$ (244)</u>	<u>\$ (130)</u>	<u>\$ (363)</u>
Stock compensation expense	30	15	53	30
Pre-opening costs	120	65	134	143
Asset disposals, closure costs and restaurant impairment	43	(70)	70	(64)
Adjusted EBITDA	<u>\$ (24)</u>	<u>\$ (234)</u>	<u>\$ 127</u>	<u>\$ (254)</u>

