EDGAR Online

IGNITE RESTAURANT GROUP, INC.

FORM 8-K/A
(Amended Current report filing)

Filed 06/25/13 for the Period Ending 04/09/13

Address	9900 WESTPARK DRIVE, SUITE 300 HOUSTON, TX 77063
Telephone	(713) 336-7500
CIK	0001526796
Symbol	IRG
SIC Code	5812 - Eating Places
Industry	Restaurants
Sector	Services

Powered By EDGAR Online
http://www.edgar-online.com
© Copyright 2013, EDGAR Online, Inc. All Rights Reserved.
Distribution and use of this document restricted under EDGAR Online, Inc. Terms of Use.

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

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **June 25, 2013 (April 9, 2013)**

IGNITE RESTAURANT GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-35549**	**94-3421359**
(State or other jurisdiction of Company or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

9900 Westpark Drive, Suite 300, Houston, Texas	**77063**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(713) 366-7500**

Not Applicable
(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:

☐ 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))

Item 2.01. Completion of Acquisition or Disposition of Assets.

On April 11, 2013, Ignite Restaurant Group, Inc. (the "Company") filed a Form 8-K (the "original Form 8-K") to report the completion of its acquisition of Romano's Macaroni Grill ("Mac Grill"), which owns, operates and franchises Romano's Macaroni Grill restaurants. The restaurant operations are included in Mac Parent LLC ("Mac Parent"), a Delaware limited liability company, and its wholly owned subsidiaries. The transaction was organized such that the Company purchased approximately 83% of Mac Parent by acquiring the stock of two holding entities formerly owned by Golden Gate Capital and management. The remaining approximately 17% of the partnership interest of Mac Parent was purchased directly from other investors. This Form 8-K/A is being filed to amend the original Form 8-K in order to provide the financial statements described under Item 9.01 below. These financial statements are filed as Exhibits 99.1, 99.2 and 99.3 to this Form 8-K/A.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

The audited consolidated financial statements of Mac Grill required by Item 9.01(a) of Form 8-K as of June 27, 2012 and June 29, 2011 and for the years ended June 27, 2012, June 29, 2011 and June 30, 2010 are attached hereto as Exhibit 99.1 and are incorporated in their entirety herein by reference.

The unaudited condensed consolidated financial statements of Mac Grill required by Item 9.01(a) of Form 8-K as of December 26, 2012 and June 27, 2012 and for the six months ended December 26, 2012 and December 28, 2011 are attached hereto as Exhibit 99.2 and are incorporated in their entirety herein by reference.

(b) Pro Forma Financial Information

The pro forma combined condensed financial information required by Item 9.01(b) of Form 8-K as of and for the year ended December 31, 2012 are attached hereto as Exhibit 99.3 and are incorporated in their entirety herein by reference.

(d) Exhibits.

23.1 Consent of PricewaterhouseCoopers LLP.

99.1 Audited consolidated financial statements of Romano's Macaroni Grill as of June 27, 2012 and June 29, 2011and for the years ended June 27, 2012, June 29, 2011 and June 30, 2010.

99.2 Unaudited condensed consolidated financial statements of Romano's Macaroni Grill as of December 26, 2012 and June 27, 2012 and for the six months ended December 26, 2012 and December 28, 2011.

99.3 Unaudited pro forma combined condensed financial statements of Ignite Restaurant Group, Inc. and Romano's Macaroni Grill as of and for the year ended December 31, 2012.

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 thereunto duly authorized.

Date: June 25, 2013

IGNITE RESTAURANT GROUP, INC.

By: /s/ Michael J. Dixon
Michael J. Dixon
President and Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-181914) of Ignite Restaurant Group, Inc. of our report dated June 25, 2013 relating to the financial statements of Romano's Macaroni Grill, which appears in the Current Report on Form 8-K/A of Ignite Restaurant Group, Inc. dated June 25, 2013.

/s/ PricewaterhouseCoopers LLP
Dallas, Texas
June 25, 2013

Exhibit 99.1

Romano's Macaroni Grill
Consolidated Financial Statements
June 27, 2012, June 29, 2011 and June 30, 2010

Romano's Macaroni Grill
Index
June 27, 2012, June 29, 2011 and June 30, 2010

	Page
Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Changes in Net Assets (Liabilities)	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6–17

Report of Independent Auditors

To the Board of Directors of
Romano's Macaroni Grill:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets (liabilities) and cash flows present fairly, in all material respects, the financial position of Romano's Macaroni Grill (the "Business") at June 27, 2012 and June 29, 2011, and the results of their operations and their cash flows for the years ended June 27, 2012, June 29, 2011 and June 30, 2010 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Business's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Dallas, Texas
June 25, 2013

Romano's Macaroni Grill
Consolidated Balance Sheets
June 27, 2012 and June 29, 2011
(in thousands)

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	$ 7,105	$ 20,210
Restricted cash	2,511	3,050
Accounts receivable, net of reserve of $131 and $131	5,186	3,567
Inventory	3,646	2,740
Prepaid insurance	1,729	2,228
Prepaid rent	228	2,197
Deferred tax asset	—	932
Other current assets	2,159	1,959
Total current assets	22,564	36,883
Property and equipment		
Buildings and leasehold improvements	14,333	8,381
Furniture and equipment	19,911	15,357
	34,244	23,738
Less: Accumulated depreciation	(11,595)	(5,690)
	22,649	18,048
Intangible assets	8,510	8,662
Deferred tax asset	2,197	1,937
Deposits and other	740	905
Total assets	$ 56,660	$ 66,435
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 13,529	$ 11,299
Accrued wages	6,003	6,701
Accrued liabilities	18,489	27,440
Deferred tax liability	544	—
Total current liabilities	38,565	45,440
Unfavorable lease liability	1,518	2,043
Deferred rent	13,538	9,827
Total liabilities	53,621	57,310
Net assets	3,039	9,125
Total liabilities and net assets	$ 56,660	$ 66,435

The accompanying notes are an integral part of these consolidated financial statements.

Romano's Macaroni Grill
Consolidated Statements of Operations
Years Ended June 27, 2012, June 29, 2011 and June 30, 2010
(in thousands)

	2012	2011	2010
Revenue			
Restaurant sales	$ 389,941	$ 431,573	$ 518,618
Royalties	5,502	6,091	5,734
Total revenue	395,443	437,664	524,352
Cost and expenses			
Restaurant operating costs			
Cost of sales	106,251	115,875	149,450
Labor	129,978	139,485	194,784
Rent expense	30,406	30,769	30,624
Other operating costs	108,577	92,100	140,436
General and administrative	22,372	32,665	18,495
Advisory fees, net	1,406	1,418	51
Depreciation and amortization	5,530	3,959	1,593
Total costs and expenses	404,520	416,271	535,433
Operating income (loss)	(9,077)	21,393	(11,081)
Interest expense, net	(6)	(19)	(64)
Gain (loss) on insurance	3,807	2,316	(102)
Income (loss) before income taxes	(5,276)	23,690	(11,247)
Income tax expense	1,048	1,501	651
Net income (loss)	$ (6,324)	$ 22,189	$ (11,898)

The accompanying notes are an integral part of these consolidated financial statements.

Romano's Macaroni Grill
Consolidated Statements of Changes in Net Assets (Liabilities)
Years Ended June 27, 2012, June 29, 2011 and June 30, 2010
(in thousands)

Balance at June 24, 2009	$ (958)
Stock-based compensation	8
Net loss	(11,898)
Balance at June 30, 2010	(12,848)
Stock-based compensation	77
Distributions	(293)
Net income	22,189
Balance at June 29, 2011	9,125
Stock-based compensation	238
Net loss	(6,324)
Balance at June 27, 2012	$ 3,039

The accompanying notes are an integral part of these consolidated financial statements.

Romano's Macaroni Grill
Consolidated Statements of Cash Flows
Years Ended June 27, 2012, June 29, 2011 and June 30, 2010
(in thousands)

	2012	2011	2010
Cash flows from operating activities			
Net income (loss)	$ (6,324)	$ 22,189	$ (11,898)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Insurance proceeds for property and equipment damages	(1,432)	(1,376)	—
Depreciation and amortization	5,530	3,959	1,593
Loss on disposal of assets	132	271	264
Impairment charges	575	128	—
Stock-based compensation	238	77	8
Deferred income taxes	1,216	(2,684)	—
Changes in assets and liabilities			
Accounts receivable	(1,619)	809	29
Inventories	(906)	494	828
Prepaid expenses and other	2,268	(3,452)	2,736
Deposits and other	(360)	(239)	(19)
Accounts payable	2,232	(12,849)	3,140
Accrued liabilities	(9,651)	1,819	5,549
Deferred rent liability	3,711	4,082	2,920
Net cash provided by (used in) operating activities	(4,390)	13,228	5,150
Cash flows from investing activities			
Payments for property and equipment	(10,686)	(7,703)	(6,573)
Insurance proceeds for property and equipment damages	1,432	1,376	—
Decrease (increase) in restricted cash	539	1,000	(1,750)
Net cash used in investing activities	(8,715)	(5,327)	(8,323)
Cash flows from financing activities			
Distributions	—	(478)	—
Net cash used in financing activities	—	(478)	—
Net change in cash and cash equivalents	(13,105)	7,423	(3,173)
Cash and cash equivalents			
Beginning of year	20,210	12,787	15,960
End of year	$ 7,105	$ 20,210	$ 12,787
Supplemental cash flow information:			
Income taxes paid	$ 3,733	$ 806	$ 382

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Romano's Macaroni Grill (the "Business") owns, operates and franchises a full service, casual dining restaurant brand under the name Romano's Macaroni Grill. The restaurant operations are included in Mac Parent LLC ("Mac Parent"), a Delaware limited liability company, and its wholly owned subsidiaries. At June 27, 2012, it operated 182 company-owned restaurants in the United States and franchised 34 restaurants.

On April 9, 2013, the Business was sold by Golden Gate Capital, management and other investors to Ignite Restaurant Group, Inc. ("Ignite") for $60.8 million in an all-cash transaction. The transaction was organized such that Ignite purchased approximately 83% of Mac Parent by acquiring the stock of two holding entities ("Holding Entities") formerly owned by Golden Gate Capital and management. The remaining approximately 17% of the partnership interest of Mac Parent was purchased directly from other investors.

Basis of Presentation

The financial statements of the Business include the accounts of the consolidated operations of Mac Parent and its subsidiaries, as well as 100% of the tax attributes of the Business. The tax attributes attributable to the 17% interest held by other investors were not acquired by Ignite; management has determined that this portion of the Business's tax attributes are not material to these consolidated financial statements. All intercompany accounts and transactions have been eliminated in this presentation.

The Business has adopted a 52/53 week fiscal year ending on the last Wednesday in June. Fiscal year 2012 which ended on June 27, 2012 contained 52 weeks. Fiscal year 2011 which ended on June 29, 2011 contained 52 weeks. Fiscal year 2010 which ended on June 30, 2010 contained 53 weeks.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates.

Revenue Recognition

The Business records revenue from the sale of food, beverages and alcohol as products are sold. Royalties from franchisees, which are a percentage of net sales of franchised restaurants, are recorded as income when the franchisee completes sales. Proceeds from the sale of gift cards are recorded as deferred revenue and recognized as income when the gift card is redeemed by the holder.

Cash and cash equivalents

The Business considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates their fair value due to their short-term maturities.

In the normal course of business, the Business maintains bank balances in excess of federally insured limits. The Business has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

The Business is required by insurers to provide collateral for the self-insured portion of workers' compensation and liability claims, and by a landlord as security for lease obligations. The collateral requirements were satisfied by issuing cash secured letters of credit. Total pledged collateral was $2.5 million, and $3.1 million as of June 27, 2012 and June 29, 2011, respectively. These cash balances have been classified as restricted in the consolidated balance sheet.

Accounts Receivable

Accounts receivable which principally includes receivables from credit card processors and amounts due from franchisees, net of the allowance for doubtful accounts, represents their estimated net realizable value. Provisions for doubtful accounts are recorded based on management's judgment regarding the ability to collect as well as the age of the receivables. Accounts receivable are written off when they are determined to be uncollectible. Accounts receivable also includes insurance receivables of $0 and $723 thousand as of June 27, 2012 and June 29, 2011, respectively.

Inventories

Inventories, which consist of food, beverages, and supplies, are stated at the lower of cost (weighted average cost method) or market.

Property and Equipment

Property and equipment is stated at cost. Buildings and leasehold improvements are depreciated using the straight-line method over the lesser of the life of the lease, including renewal options, or the estimated useful lives of the assets, which range from 5 to 20 years. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. The Business expensed $5.4 million, $3.8 million and $1.4 million of depreciation for the years ended June 27, 2012, June 29, 2011 and June 30, 2010, respectively. Routine repair and maintenance costs are expensed when incurred. Major replacements and improvements are capitalized.

Intangible Assets

Indefinite-lived intangible assets are not amortized, but tested for impairment annually or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. The indefinite-lived intangible assets include the value assigned to acquire the Macaroni Grill trade names and trademarks as well as liquor licenses (see Note 2).

Definite-lived intangible assets include the value of franchise agreements, which are included in intangible assets in the consolidated balance sheet (see Note 2). Franchise agreements are amortized on a straight-line basis over 15 years.

Impairment of Definite-Lived Assets

The Business evaluates property and equipment and definite-lived intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment is determined by comparing estimated undiscounted future operating cash flows for the asset to the carrying amount of the asset. If an impairment exists, an impairment loss would be recognized to the extent that the carrying value exceeds fair value. The Business recorded impairment losses of $575 thousand, $128 thousand and $0 for the years ended June 27, 2012, June 29, 2011 and June 30, 2010, respectively. The impairments principally relate to underperforming restaurant locations.

Operating Leases

Rent expense for leases that contain scheduled rent increases is recognized on a straight-line basis over the lease term, including cancelable option periods where failure to exercise such options would result in an economic penalty such that the renewal appears reasonably assured. Rent expense also includes the amortization of favorable and unfavorable leases recorded upon Golden Gate's acquisition of the Business. The net amount of favorable and unfavorable lease amortization was a reduction to rent expense of $413 thousand, $469 thousand and $429 thousand for the years ended June 27, 2012, June 29, 2011 and June 30, 2010, respectively.

Contingent rents are generally amounts due as a result of sales in excess of amounts stipulated in certain restaurant leases and are included in other operating costs as they are incurred.

Advertising

Advertising production costs are expensed in the period when the advertising first takes place. Other advertising costs are expensed as incurred. Advertising costs were approximately $21.9 million, $1.9 million and $28.5 million for the years ended June 27, 2012, June 29, 2011 and June 30, 2010, respectively, and are included in other operating costs in the consolidated statement of income.

Loyalty Program

The Business began participation in fiscal 2012 in loyalty programs administered by a third party that provide their members awards such as airline miles when they use their credit cards at participating merchants such as the Business. The objective of the program is to increase the volume of diners visiting the Business's restaurants. Typically, the cost paid to the third party is based on a percentage of the total check of participating loyalty program members. This cost is reflected as operating costs at the time the associated revenue is recognized. During the year ended June 27, 2012, the Business recorded expenses of $3.4 million related to the third party loyalty program.

Sales Taxes

Sales taxes collected from guests are excluded from revenues. The obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities.

Self-Insurance Program

The Business utilizes a paid loss self-insurance plan for health, general liability and workers' compensation coverage. Predetermined loss limits have been arranged with insurance companies to limit the per occurrence cash outlay. Accrued liabilities include the estimated incurred but unreported costs to settle unpaid claims and estimated future claims.

Income Taxes

The Business is subject to U.S. federal income tax and income taxes imposed in the state and local jurisdictions where it operates its restaurants. Deferred income taxes are provided on temporary

differences between financial statement and income tax reporting. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax bases. Deferred tax assets are recognized for temporary differences that will be deductible in future years' tax returns and for operating loss and tax credit carryforwards. Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized. In assessing the realizability of deferred tax assets, the Business considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Business considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Deferred tax liabilities are recognized for temporary differences that will be taxable in future years' tax returns.

The Business accounts for uncertain tax positions using a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by tax authorities, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. See Note 10 for information regarding changes in our unrecognized tax benefits.

Stock Based Compensation

The Business accounts for stock based compensation by expensing the fair value of such awards. Stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). Options are granted at a price not less than the fair value of the Business's equity units at the date of grant. For stock-based awards, the Business will amortize the compensation expense on a graded vesting model, whereby compensation cost is recognized over the requisite service period for each separately vesting tranche of the award. In addition, stock-based compensation is adjusted annually for changes to the estimate of expected equity award forfeitures based on actual forfeiture experience. See Note 6 — "Stock-Based Compensation" for further discussion.

2. Intangible Assets

Intangible assets consist of the following (in thousands):

	2012	2011
Definite Lived		
Franchise agreements	$ 2,272	$ 2,272
Less: Accumulated amortization	(533)	(381)
	1,739	1,891
Indefinite Lived		
Trade names and trademarks	5,149	5,149
Liquor licenses	1,622	1,622
	$ 8,510	$ 8,662

Amortization of franchise agreements is included in depreciation and amortization, and the amortization expense was $152 thousand each for the years ended June 27, 2012, June 29, 2011 and June 30, 2010.

The estimated amortization expense for the Business's amortizable intangible assets is as follows (in thousands):

2013	$	152
2014		152
2015		152
2016		152
2017		152
Thereafter		979
	$	1,739

3. Accrued Liabilities

Accrued liabilities consist of the following at June 27, 2012 and June 29, 2011 (in thousands):

		2012		2011
Gift cards	$	3,719	$	3,544
Self-insurance		2,994		3,666
Property tax		2,276		2,822
Sales tax		2,134		2,440
Vacation		1,683		3,275
Bonus		1,671		4,745
Loyalty program		1,268		—
Utilities		1,254		1,417
Advisory fees		656		253
Income tax payable		58		3,958
Other		776		1,320
	$	18,489	$	27,440

4. Closed Store Reserve

The Business closed two restaurants in fiscal year 2012, two restaurants in fiscal year 2011 and two restaurants in fiscal year 2010 due to poor performance. Closed store charges, which principally include impairments of leasehold improvements and furniture and equipment and reserves for remaining lease payments after store closure, were for the years ended June 27, 2012, June 29, 2011 and June 30, 2010, $131 thousand, $300 thousand and $676 thousand, respectively and are included in other restaurant operating costs in the consolidated income statement. The closed store reserve was $252 thousand and $474 thousand at June 27, 2012 and June 29, 2011, respectively, and is included in accrued liabilities in the consolidated balance sheet.

5. Leases

The Business leases restaurant facilities, office space, and certain equipment under operating leases having terms expiring at various dates through fiscal 2028. The restaurant leases have renewal clauses of 4 to 30 years at the Business's option and, in some cases, have provisions for contingent rent based upon a percentage of sales in excess of specified levels, as defined in the leases. Contingent rent is included in rent expense and was $15 thousand, $49 thousand and $109 thousand for the years ended June 27, 2012, June 29, 2011 and June 30, 2010, respectively.

As of June 27, 2012, future minimum lease payments on operating leases were as follows (in thousands):

Fiscal year		
2013	$	28,044
2014		26,125
2015		23,452
2016		20,613
2017		17,641
Thereafter		153,828
Total minimum lease payments	$	269,703

6. Stock-Based Compensation

The Business maintains an incentive equity plan under which directors, employees, officers, or consultants may be awarded units of Mac Parent. All units typically fully vest after recipients have worked for or otherwise been associated with the Business subsequent to the grant date in a full time capacity for a period of four years.

Mac Parent has issued equity incentive units to certain employees of the Business. These equity incentive units have a participation threshold that acts as a strike price and establishes a threshold at which the unit will begin to participate in a liquidity event and in the event of distributions, as defined in the agreements. The units participate in distributions after all preferred returns have been satisfied. The equity incentive units granted vest over four years, 25% the first year and 6.25% for each quarter thereafter. The incentive units have no contractual termination but cease vesting upon the termination of employment.

The weighted average grant date fair value and exercise price of awards granted during the years ended June 27, 2012, June 29, 2011 and June 30, 2010 was $0.69, $0.06 and $0.02, and $0.69, $0.10 and $0.34 per award, respectively. The Business recognized compensation expense related to the equity incentive units of $238 thousand, $77 thousand and $8 thousand for the years ended June 27, 2012, June 29, 2011 and June 30, 2010, respectively. Total unrecognized compensation expense related to unvested equity investment units was $382,427 as of June 27, 2012, which is expected to be recognized over a weighted average period of approximately 1.83 years. The expense will be recognized using a straight line method over the required four year vesting period. There were 26,306,018 and 25,471,643 units outstanding at June 27, 2012 and June 29, 2011, respectively.

Valuation Methodology

Fair value of the units is determined using the Black-Scholes pricing model. This model assumes asset volatility for comparable company's equity volatility and leverage.

The fair value of options granted during the years ended June 27, 2012, June 29, 2011 and June 30, 2010 was calculated using the following estimated weighted average assumptions.

	2012	2011	2010
Risk-free interest rate	1.38%	1.66%	2.32%
Expected time to liquidity event in years	4.0	4.0	4.0
Expected asset volatility	47.10%	60.72%	52.19%
Expected dividend yield	0.00%	0.00%	0.00%

Risk-Free Interest Rate

This is an interpolated rate from the U.S. constant maturity treasury rate for a term corresponding to the time to liquidity event, as described below. An increase in the risk-free interest rate will increase compensation expense.

Time to Liquidity Event

This is the period of time over which the units granted are expected to remain outstanding. An increase in the expected term will increase compensation expense.

Asset Volatility

This is a measure of the amount by which the price of various comparable company's common stock has fluctuated or is expected to fluctuate, as the Mac Parent's common stock is not publicly traded. An increase in the expected volatility will increase compensation expense.

Expected Dividend Yield

The Business intends to retain any earnings to finance future growth and therefore does not anticipate paying any cash dividends on its common stock in the foreseeable future.

Equity Incentive Unit Activity

	Class B Units	Weighted Average Participation Threshold
Unvested at June 24, 2009	4,000,000	$ 1.25
Granted	4,552,258	0.34
Vested	(2,976,582)	0.80
Forfeited	(257,794)	0.34
Unvested at June 30, 2010	5,317,882	0.77
Granted	23,317,823	0.10
Vested	(366,613)	0.34
Forfeited	(4,640,644)	0.83
Unvested at June 29, 2011	23,628,448	0.10
Granted	1,075,000	0.69
Vested	(10,325,552)	0.10
Forfeited	(240,625)	0.35
Unvested at June 27, 2012	14,137,271	$ 0.15

The average remaining contractual life of options outstanding at June 27, 2012 is two years.

7. Savings Plan

The Business sponsors a qualified defined contribution retirement plan covering all employees who have attained the age of twenty-one and have completed eleven months of service. The plan allows eligible employees to contribute, subject to IRS limitations on total annual contributions, up to 90% of their base compensation and 100% of their eligible bonuses, as defined in the plan, to various investment funds. During the first six periods of Fiscal 2011 (all in Calendar 2010), the Business matched in cash at a rate of 100% of the first 3% an employee contributes and 50% of the next 2% the employee contributes with immediate vesting. The plan was modified in January 2011 and the Business match became discretionary. The Business contributed approximately $359 thousand, $347 thousand and $728 thousand for the years ended June 27, 2012, June 29, 2011 and June 30, 2010, respectively.

8. Related Party Transactions

The Business entered into an advisory agreement whereby it pays management fees to Golden Gate and Brinker International, Inc., its former owner, and reimburses them for certain out-of-pocket expenses. The agreement remains in effect for ten years and will be automatically extended on a year to year basis until terminated. During fiscal 2012, 2011 and 2010, the Business recorded approximately $1.4 million, $1.3 million and $1.6 million, respectively, in expenses related to advisory services provided under these agreements and had $656 thousand of advisory fees accrued for at June 27, 2012. Also included in fiscal 2011 advisory fees is $1.3 million paid to a third party for consulting services required by Golden Gate. These advisory agreements were terminated in conjunction with the sale of the Business to Ignite.

The Business recorded advisory fee income for the years ended June 27, 2012, June 29, 2011 and June 30, 2010 of $0, $1.2 million and $1.5 million, respectively in accordance with an advisory services agreement entered into during the year ended June 30, 2010 with an affiliate of Golden Gate.

The Business engages in shared operating services that result in net receivables due from Brinker in the amount of $1.1 million and $721 thousand at June 27, 2012 and June 29, 2011, respectively.

On October 5, 2010, an affiliate of Golden Gate issued 324,624 units to certain executives of the Business. The options vest over four years. The associated compensation expense was immaterial for the fiscal years ending June 27, 2012 and June 29, 2011.

During 2012, an affiliate of Golden Gate issued management incentive units to certain executives of the Business for services rendered. The Business engages in shared management services with the affiliate and is reimbursed for the salary of two of its executives for services rendered. The Business was reimbursed $215 thousand during the year ended June 27, 2012 and had a remaining receivable of $135 thousand at June 27, 2012.

9. Contingencies

The Business is engaged in ordinary and routine litigation incidental to its business, but management does not anticipate that any amounts that the Business may be required to pay by reason of such litigation, net of insurance reimbursements, will have a materially adverse effect on its financial position.

10. Income Taxes

Income tax expense (benefit) consisted of the following (in thousands):

	2012	2011	2010
Current income tax			
Federal	$ (461)	$ 2,201	$ 161
State	(8)	1,693	250
Foreign	301	291	240
	(168)	4,185	651
Deferred income tax			
Federal	1,252	(2,592)	—
State	(36)	(92)	—
	1,216	(2,684)	—
Total income tax expense	$ 1,048	$ 1,501	$ 651

At June 27, 2012, the Business had federal income tax credit carryforwards of approximately $11.4 million, comprised primarily of the credit for FICA and Medicare taxes paid on reported employee tip income. The FICA credit will begin to expire in 2030 if unused prior to that time.

In assessing the realizability of deferred tax assets, at June 30, 2010, the Business considered whether it is more likely than not that some or all of the deferred tax assets will not be realized. Primarily as a result of the cumulative losses for the three-year period ending June 30, 2010, the Business could not conclude that it is more likely than not that the deferred tax assets would be fully

realized. Accordingly, the Business increased the valuation allowance by $8.7 million against the deferred tax assets.

In assessing the realizability of the deferred tax assets, at June 29, 2011 the Business considered whether it is more likely than not that some or all of the deferred tax assets will not be realized. Based on the Business generating cumulative income for the three year period ending June 29, 2011, it was concluded that it is more likely than not that the Business will realize the federal tax benefits associated with the deferred tax assets except the FICA tips credit carryforward. Accordingly, the Business has reduced the previously established valuation allowance by $4.8 million.

In assessing the realizability of deferred tax assets, at June 27, 2012 the Business considered whether it is more likely than not that some or all of the deferred tax assets will not be realized. Accordingly, the Business increased the valuation allowance by $5.0 million primarily related to deferred tax assets associated with FICA tips credits. The ultimate realization of our deferred tax assets is dependent on the generation of future taxable income during periods in which temporary differences and carryforwards become deductible.

A reconciliation between the amount of income tax expense (benefit) determined by applying the applicable U.S. statutory income tax rate to income before income taxes (loss) is as follows (in thousands):

	2012	2011	2010
Tax expense at the federal statutory income tax rate	$ (1,846)	$ 8,292	$ (3,936)
Permanent differences	120	173	42
State income taxes, net of federal impact	(88)	1,057	(247)
Foreign taxes	301	291	240
Tax credit carryforwards	(2,426)	(3,553)	(4,194)
Change in valuation allowance	4,987	(4,759)	8,746
Total income tax expense	$ 1,048	$ 1,501	$ 651
Effective income tax rate	-19.9%	6.3%	-5.8%

The components of our deferred tax assets and liabilities are as follows as of June 27, 2012 and June 29, 2011 (in thousands):

	2012	2011
Deferred tax assets		
Accrued expenses	$ 2,158	$ 4,482
Deferred revenue	403	—
Net operating losses	164	—
Credit carryforwards	11,399	6,412
Deferred rent	5,155	3,742
Other	214	269
Total deferred tax assets	19,493	14,905
Valuation allowance	(11,399)	(6,412)
Deferred tax assets after valuation allowance	8,094	8,493
Deferred tax liability		
Prepaid expenses	(1,418)	(1,532)
Property and equipment	(4,590)	(3,847)
Intangibles	(433)	(245)
Total deferred tax liabilities	(6,441)	(5,624)
Net deferred tax assets	$ 1,653	$ 2,869

The Business files income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions and is subject to U.S. federal income tax examinations by tax authorities for the fiscal year ended June 30, 2010 and forward. The Business is also subject to various state income tax examinations by state tax authorities for the fiscal year ended June 30, 2010 and forward. The Business has not been audited by any tax authorities since fiscal year 2008, and the Business has no other income tax audits either open or scheduled at this time.

The Business has uncertain tax positions related to temporary items. The full balance of approximately $41 thousand, if challenged by taxing authorities and not sustained, would affect the annual effective rate, net of any federal tax benefits. We do not expect any changes that will significantly impact our uncertain tax positions within the next twelve months.

	2012	2011	2010
Balance at beginning of year	$ 1,421	$ —	$ —
Additions for tax positions of the current year	—	1,421	—
Reductions for tax positions of prior years	(1,380)	—	—
Balance at end of year	$ 41	$ 1,421	$ —

The Business accrues interest and penalties related to our uncertain tax positions as a component of income tax expense. During the years ended June 27, 2012, June 29, 2011 and June 30, 2010, the Business recognized approximately $3 thousand, $84 thousand and $0 of interest and penalties, respectively.

11. Subsequent Events

The Business has performed an evaluation of subsequent events through June 25, 2013, which is the date the financial statements were available to be issued.

On July 31, 2012, the Business entered into a Credit Agreement with Cadence Bank, N.A. The facility is for a principal amount of $10.0 million and has a term of three years. The revolving credit facility is available to be used for working capital, other general corporate purposes and allows for a basket of $4.0 million in letters of credit. Each Revolving Loan may be a Base Rate Loan or a Eurodollar Rate Loan. Interest will be calculated on (i) each Eurodollar Rate Loans at a rate annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate; and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate. Base Rate means for any day a fluctuating rate per annum equal to the highest of a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Cadence Bank as its "prime rate," and (c) the Eurodollar Rate plus 1.00%. "Applicable Rate" means, (i) for any Loan that is a Eurodollar Loan, four percent (4.00%), and (ii) for any Loan that is a Base Rate Loan, three percent (3.00%). The Credit Agreement contains customary covenants and restrictions, including, but not limited to: (1) prohibitions on incurring additional indebtedness and from guaranteeing obligations of others; (2) prohibitions on creating, incurring, assuming or permitting to exist any lien on or with respect to any property or asset; (3) limitations on our ability to enter joint ventures, acquisitions, and other investments; (4) prohibitions on directly or indirectly creating or becoming liable with respect to certain contingent liabilities; and (5) restrictions on directly or indirectly declaring, ordering, paying, or making equity distributions. The Credit Agreement also requires the Business to maintain certain financial covenants. The Business's obligations under the Credit Agreement are guaranteed by each of its existing and future subsidiaries and are secured by substantially all of its assets and pledge of the capital stock of its subsidiaries. The Credit Agreement includes customary events of default.

On September 19, 2012, the Business acquired the assets and assumed certain liabilities of the restaurant operations of 4 franchisee-owned Macaroni Grill locations from a franchisee for $1.5 million. The purchase price has been preliminarily allocated to property and equipment. The purchase price allocation has not been finalized due to the finalization of certain valuations.

On April 9, 2013, the Business was sold to Ignite Restaurant Group, Inc. for an aggregate purchase price of approximately $60.8 million in an all-cash transaction, which reflects estimated working capital and other pre-closing adjustments, from Golden Gate and certain of its affiliates that control the Business. The aggregate purchase price includes repayment of the outstanding balance of the revolving credit facility on the date of closing. The final purchase price remains subject to additional working capital and post-closing adjustments. The sale includes 186 company-owned and twelve franchised restaurants across 36 states and Puerto Rico, as well as twelve additional franchised units throughout nine foreign countries.

Exhibit 99.2

Romano's Macaroni Grill
Condensed Consolidated Financial Statements
December 26, 2012 and June 27, 2012

Romano's Macaroni Grill
Index
December 26, 2012 and June 27, 2012

	Page
Condensed Consolidated Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheets	1
Condensed Consolidated Statements of Operations	2
Condensed Consolidated Statements of Changes in Net Assets (Liabilities)	3
Condensed Consolidated Statements of Cash Flows	4
Notes to Condensed Consolidated Financial Statements	5–8

Romano's Macaroni Grill
Condensed Consolidated Balance Sheets
December 26, 2012 and June 27, 2012
(in thousands)

	December 26, 2012 (Unaudited)	June 27, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 5,797	$ 7,105
Restricted cash	—	2,511
Accounts receivable, net of reserve of $53 and $131	3,490	5,186
Inventory	4,508	3,646
Prepaid expenses and other	4,162	4,116
Total current assets	17,957	22,564
Property and equipment, net	21,698	22,649
Intangible assets	8,435	8,510
Deposits and other	5,031	2,937
Total assets	$ 53,121	$ 56,660
Liabilities and Net Assets (Liabilities)		
Current liabilities		
Accounts payable	$ 15,955	$ 13,529
Accrued liabilities	26,650	25,036
Short-term debt	4,129	—
Total current liabilities	46,734	38,565
Unfavorable lease liability	1,244	1,518
Deferred rent	15,523	13,538
Total liabilities	63,501	53,621
Net assets (liabilities)	(10,380)	3,039
Total liabilities and net assets (liabilities)	$ 53,121	$ 56,660

The accompanying notes are an integral part of these condensed consolidated financial statements.

Romano's Macaroni Grill
Condensed Consolidated Statement of Operations (Unaudited)
Six Months Ended December 26, 2012 and December 28, 2011
(in thousands)

	Six Months Ended	
	December 26, 2012	December 28, 2011
Revenue		
Restaurant sales	$ 182,111	$ 188,443
Royalties	1,760	2,867
Total revenue	183,871	191,310
Cost and expenses		
Restaurant operating costs		
Cost of sales	50,100	52,191
Labor	61,741	63,664
Rent expense	15,678	15,387
Other operating costs	57,862	53,781
General and administrative	11,911	10,573
Advisory fees, net	624	624
Depreciation and amortization	3,299	2,553
Total costs and expenses	201,215	198,773
Operating loss	(17,344)	(7,463)
Interest expense, net	(172)	(16)
Gain on insurance	1,348	1,956
Loss before income taxes	(16,168)	(5,523)
Income tax expense (benefit)	(2,645)	864
Net loss	$ (13,523)	$ (6,387)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Romano's Macaroni Grill
Condensed Consolidated Statement of Changes in Net Assets (Liabilities) (Unaudited)
Six Months Ended December 26, 2012
(in thousands)

Balance at June 27, 2012	$	3,039
Stock-based compensation		104
Net loss		(13,523)
Balance at December 26, 2012	$	(10,380)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Romano's Macaroni Grill
Condensed Consolidated Statement of Cash Flows (Unaudited)
Six Months Ended December 26, 2012 and December 28, 2011
(in thousands)

	Six Months Ended	
	December 26, 2012	December 28, 2011
Cash flows from operating activities		
Net loss	$ (13,523)	$ (6,387)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	3,299	2,553
Impairment charges	2,636	187
Stock-based compensation	104	119
Deferred income taxes	(1,963)	1,227
Changes in assets and liabilities		
Accounts receivable	1,696	(700)
Inventories	(781)	(675)
Prepaid expenses and other	(46)	2,690
Deposits and other	(405)	(1,909)
Accounts payable	1,917	1,187
Accrued liabilities	1,614	(6,406)
Deferred rent	1,985	3,953
Net cash used in operating activities	(3,467)	(4,161)
Cash flows from investing activities		
Purchase of restaurants	(941)	—
Payments for property and equipment	(3,540)	(4,452)
Decrease in restricted cash	2,511	539
Net cash used in investing activities	(1,970)	(3,913)
Cash flows from financing activities		
Borrowings on line of credit	4,129	—
Net cash provided by financing activities	4,129	—
Net change in cash and cash equivalents	(1,308)	(8,074)
Cash and cash equivalents		
Beginning of period	7,105	20,210
End of period	$ 5,797	$ 12,136

The accompanying notes are an integral part of these condensed consolidated financial statements.

Romano's Macaroni Grill
Notes to Condensed Consolidated Financial Statements (Unaudited)
December 26, 2012 and June 27, 2012

1. Basis of Presentation

Nature of Operations

Romano's Macaroni Grill (the "Business") owns, operates and franchises a full service, casual dining restaurant brand under the name Romano's Macaroni Grill. The restaurant operations are included in Mac Parent LLC ("Mac Parent"), a Delaware limited liability company, and its wholly owned subsidiaries. At December 26, 2012, it operated 186 company-owned restaurants in the United States and franchised 24 restaurants.

On April 9, 2013, the Business was sold by Golden Gate Capital, management and other investors to Ignite Restaurant Group, Inc. ("Ignite") for $60.8 million in an all-cash transaction. The transaction was organized such that Ignite purchased approximately 83% of Mac Parent by acquiring the stock of two holding entities ("Holding Entities") formerly owned by Golden Gate Capital and management. The remaining approximately 17% of the partnership interest of Mac Parent was purchased directly from other investors.

Basis of Presentation

The financial statements of the Business include the accounts of the consolidated operations of Mac Parent and its subsidiaries, as well as 100% of the tax attributes of the Business. The tax attributes attributable to the 17% interest held by other investors were not acquired by Ignite; management has determined that this portion of the Business's tax attributes are not material to these consolidated financial statements. All intercompany accounts and transactions have been eliminated upon consolidation.

The Business has adopted a 52/53 week fiscal year ending on the last Wednesday in June. Fiscal year 2012 which ended on June 27, 2012 contained 52 weeks. Each of our quarters consists of 13 weeks, except for 53 week fiscal years for which the fourth quarter will be comprised of 14 weeks.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, including normal recurring accruals, considered necessary for a fair presentation have been included. The accompanying unaudited consolidated financial statements should be read in conjunction with the Business's audited annual financial statements for the fiscal year ended June 27, 2012 issued on June 24, 2013. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the full year.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates.

2. Acquisition of Certain Franchised Units

On September 19, 2012, the Business acquired the assets and assumed certain liabilities of the restaurant operations of a certain franchisee that was operating four franchised units for $1.5 million. Of the purchase price, $509 thousand was paid subsequent to December 26, 2012. The

purchase price has been preliminary allocated to property and equipment. The purchase price allocation has not been finalized due to the finalization of certain valuations.

3. Intangible Assets

Intangible assets consist of the following (in thousands):

	December 26, 2012	June 27, 2012
Definite Lived		
Franchise agreements	$ 2,272	$ 2,272
Less: Accumulated amortization	(608)	(533)
	1,664	1,739
Indefinite Lived		
Trade names and trademarks	5,149	5,149
Liquor licenses	1,622	1,622
	$ 8,435	$ 8,510

Amortization of franchise agreements is included in depreciation and amortization, and the amortization expense was $76 thousand and $76 thousand for the six months ended December 26, 2012 and December 28, 2011, respectively.

4. Debt

On July 31, 2012, the Business entered into a Credit Agreement with Cadence Bank, N.A. The facility is for a principal amount of $10.0 million and has a term of three years. The revolving credit facility is available to be used for working capital, other general corporate purposes and allows for a basket of $4.0 million in letters of credit. Each Revolving Loan may be a Base Rate Loan or a Eurodollar Rate Loan. Interest will be calculated on (i) each Eurodollar Rate Loans at a rate annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate; and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate. Base Rate means for any day a fluctuating rate per annum equal to the highest of a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Cadence Bank as its "prime rate," and (c) the Eurodollar Rate plus 1.00%. "Applicable Rate" means, (i) for any Loan that is a Eurodollar Loan, four percent (4.00%), and (ii) for any Loan that is a Base Rate Loan, three percent (3.00%). The Credit Agreement contains customary covenants and restrictions, including, but not limited to: (1) prohibitions on incurring additional indebtedness and from guaranteeing obligations of others; (2) prohibitions on creating, incurring, assuming or permitting to exist any lien on or with respect to any property or asset; (3) limitations on our ability to enter joint ventures, acquisitions, and other investments; (4) prohibitions on directly or indirectly creating or becoming liable with respect to certain contingent liabilities; and (5) restrictions on directly or indirectly declaring, ordering, paying, or making equity distributions. The Credit Agreement also requires the Business to maintain certain financial covenants. The Business's obligations under the Credit Agreement are guaranteed by each of its existing and future subsidiaries and are secured by substantially all of its assets and pledge of the capital stock of its subsidiaries. The Credit Agreement includes customary events of default.

In connection with this Credit Agreement, the Business replaced the cash secured letters of credit with debt secured letters of credit, thereby reducing the amount of restricted cash.

On April 9, 2013, the balance of the revolving credit facility was repaid in connection with the Business's sale to Ignite.

5. Contingencies

The Business is engaged in ordinary and routine litigation incidental to its business, but management does not anticipate that any amounts that the Business may be required to pay by reason of such litigation, net of insurance reimbursements, will have a materially adverse effect on its financial position.

6. Income Taxes

The Business's effective tax rate is generally less than the combined federal and state statutory rate primarily due to the tax benefit of FICA tax credits for employee reported tip income. The effective tax rate for the six months ended December 26, 2012 and December 28, 2011 was 16.4% and (15.6%), respectively. The increase in the effective tax rate is primarily due to the decrease in FICA tax credit and foreign tax credit partially offset by the increase in the valuation allowance.

7. Subsequent Events

The Business has performed an evaluation of subsequent events through June 25, 2013, which is the date the financial statements were available to be issued.

On April 9, 2013, the Business was sold to Ignite Restaurant Group, Inc. for an aggregate purchase price of approximately $60.8 million in an all-cash transaction, which reflects estimated working

capital and other pre-closing adjustments, from Golden Gate and certain of its affiliates that control Mac Parent. The aggregate purchase price includes repayment of the outstanding balance of the revolving credit facility on the date of closing. The final purchase price remains subject to additional working capital and post-closing adjustments. The sale includes 186 company-owned and twelve franchised restaurants across 36 states and Puerto Rico, as well as twelve additional franchised units throughout nine foreign countries.

Exhibit 99.3

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The unaudited pro forma combined condensed financial statements as of and for the year ended December 31, 2012 were derived by applying pro forma adjustments to the historical consolidated financial statements of Ignite Restaurant Group, Inc. (the "Company" or "Ignite") and Romano's Macaroni Grill ("Mac Grill"). The pro forma adjustments are described in the accompanying notes presented below.

On April 9, 2013, Ignite completed the acquisition of Mac Grill from Golden Gate Capital, management and other investors (collectively, the "Sellers"). The aggregate acquisition price paid at closing was approximately $60.8 million, consisting of $54.1 million paid directly to the Sellers and $6.7 million paid to other third parties related to outstanding indebtedness and transaction-related expenses of the Sellers. The unaudited pro forma combined condensed balance sheet as of December 31, 2012 gives effect to the acquisition and the related financing transaction as if each had occurred on December 31, 2012, and combines the historical balance sheets of the Company and Mac Grill as of December 31, 2012. The Company's balance sheet was derived from its audited consolidated balance sheet included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and Mac Grill's balance sheet was derived from its unaudited condensed consolidated balance sheet as of December 26, 2012 included in Exhibit 99.2.

The unaudited pro forma combined condensed statement of operations for the fiscal year ended December 31, 2012 gives effect to (i) the Company's initial public offering ("IPO") in May 2012 and to the application of a portion of the net proceeds from the IPO to reduce outstanding indebtedness, (ii) the debt refinancing transaction that occurred in October 2012, and (iii) the Company's acquisition of Mac Grill and related financing transaction as if each had occurred on the first day of fiscal year 2012. The pro forma adjustments related to the acquisition of Mac Grill give effect to pro forma events that are (1) directly attributable to the acquisition and the related financing transaction, (2) factually supportable, and (3) with respect to the income statement, expected to have a continuing impact on the combined results of the Company and Mac Grill. The Company's statement of operations was derived from its audited consolidated statement of operations included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2012. Mac Grill's statement of operations was derived by adding its unaudited results of operations for the six months ended December 26, 2012 to its audited results of operations for the year ended June 27, 2012 and then subtracting its unaudited results of operations for the six months ended December 28, 2011, each of which are included in Exhibits 99.1 and 99.2 of this Form 8-K/A. The unaudited pro forma combined condensed financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma combined condensed financial statements and the historical consolidated financial statements and accompanying notes of the Company and Mac Grill for the applicable periods.

The unaudited pro forma combined condensed financial statements are presented for informational purposes only and do not purport to represent the combined company's actual financial condition or results of operations if such transactions had been completed as of the dates or for the periods indicated above or that may be achieved as of any future date or for any future period. The pro forma adjustments related to the acquisition are based on preliminary estimates and information available at the time of the preparation of this Form 8-K/A. Differences between these preliminary estimates and the final acquisition accounting will occur, including in connection with the final determination of working capital and finalization of the valuation of the acquired assets and assumed liabilities, and these differences could have a material impact on the accompanying unaudited pro forma combined condensed financial statements and the combined company's future results of operations and financial position.

The unaudited pro forma combined condensed financial statements do not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the acquisition, the costs to combine the operations of Ignite and Mac Grill or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

IGNITE RESTAURANT GROUP, INC
Unaudited Pro Forma Combined Condensed Balance Sheet
As of December 31, 2012
(in thousands)

	Historical Ignite	Historical Mac Grill	Pro Forma Adjustments Related to the Acquisition	Pro Forma Combined
ASSETS				
Current assets				
Cash and cash equivalents	$ 6,929	$ 5,797	$ 60,000(1)	$ 4,606
			(60,794)(2)	
			(2,096)(3)	
			(5,230)(4)	
Accounts receivable	6,285	3,490		9,775
Inventories	4,841	4,508		9,349
Deferred tax assets	1,615	—	1,425(2)	3,040
Other current assets	4,625	4,162		8,787
Total current assets	24,295	17,957	(6,695)	35,557
Property and equipment, net	165,746	21,698	(21,698)(5)	226,359
			60,613(2)	
Intangible assets	1,755	8,435	(8,435)(5)	30,314
			26,042(2)	
			2,517(6)	
Goodwill	—	—	6,197(2)	6,197
Deferred tax assets	5,043	4,160	(4,160)(5)	5,043
Other assets	4,599	871	6,513(2)	10,687
			2,096(3)	
			(392)(5)	
			(483)(7)	
			(2,517)(6)	
Total assets	$ 201,438	$ 53,121	$ 59,598	$ 314,157
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 14,083	$ 15,955	$ (67)(5)	$ 29,971
Accrued liabilities	23,068	26,650	(2,228)(8)	46,028
			(1,462)(5)	
Current portion of debt obligations	—	4,129	(4,129)(5)	11,875
			11,875(1)	
Total current liabilities	37,151	46,734	3,989	87,874
Long-term debt obligations	45,000	—	48,125(1)	93,125
Deferred rent	11,744	15,523	(15,523)(5)	11,744
Deferred tax liability	—	—	8,244(2)	8,244
Other long-term liabilities	1,326	1,244	(1,244)(5)	10,438
			9,112(2)	
Total liabilities	95,221	63,501	52,703	211,425
Stockholders' equity				
Preferred stock	—	—		—
Common stock	256	—		256
Additional paid-in capital	85,728	—		85,728
Accumulated earnings	20,233	—	(483)(7)	16,748
			(5,230)(4)	
			2,228(8)	
Net assets (liabilities)	—	(10,380)	10,380(5)	—
Total stockholders' equity	106,217	(10,380)	6,895	102,732
Total liabilities and stockholders' equity	$ 201,438	$ 53,121	$ 59,598	$ 314,157

Unaudited Pro Forma Combined Condensed Balance Sheet (as of December 31, 2012):

(1) To reflect cash proceeds from the Company's amended and restated credit facility (including a $100.0 million five-year senior secured revolving credit facility and a $50.0 million five-year senior secured term loan facility). Includes $50.0 million of proceeds from borrowings under the term loan facility and a $10.0 million of additional borrowings under the revolving credit facility, which were used to finance the acquisition. See footnote 9 to the Unaudited Pro Forma Combined Condensed Statement of Operations for additional information regarding the amended and restated credit facility.

(2) To record the preliminary acquisition price and the fair values of property and equipment, intangible assets and certain liabilities. The allocation of the preliminary acquisition price is as follows (in thousands):

Current assets, excluding deferred tax assets	$	17,957
Deferred tax assets - current		1,425
Property and equipment		60,613
Acquired identifiable intangible assets		26,042
Other assets		479
Favorable lease interests		6,513
Unfavorable lease liability		(9,112)
Deferred tax liability - noncurrent		(8,244)
Assumed liabilities		(41,076)
Total acquired tangible and intangible assets and assumed liabilities		54,597
Goodwill		6,197
Total preliminary acquisition price	$	60,794

The allocation of acquired identifiable intangible assets is as follows (in thousands):

Tradename	$	10,400
Liquor licenses		7,042
Franchise agreements		8,600
Total acquired identifiable intangible assets	$	26,042

The estimated fair value of tradename and liquor licenses will not be amortized, but will be tested at least annually for impairment. The estimated fair value of franchise agreements will be amortized on a straight-line basis over 16 years.

Based on the allocation of the preliminary acquisition price, which was prepared as if the acquisition was completed on December 31, 2012, the amount of the preliminary acquisition price allocated to goodwill is estimated to be $6.2 million. Goodwill represents the excess of the preliminary acquisition price over the fair values of the tangible and identifiable intangible assets acquired and liabilities assumed. Goodwill will not be amortized, but will be tested at least annually for impairment.

The preliminary acquisition price and allocation thereof is subject to change based on the final determination of working capital, post-closing adjustments and finalization of the valuation of the acquired assets and assumed liabilities as of the closing date.

(3) Represents deferred debt issuance costs paid in connection with the amended and restated credit facility.

(4) Represents the payment of acquisition-related costs, primarily related to legal, accounting and severance.

(5) To reflect the Company's repayment of debt ($4.1 million) and accrued interest ($67 thousand) of the Sellers and the write-off of the related debt issuance cost ($150 thousand) at closing, and to eliminate historical balances of the following (in thousands):

Pro Forma Adjustments		Amount	Balance Sheet Line Item
Property and equipment	$	21,698	Property and equipment, net
Intangible assets	$	8,435	Intangible assets
Favorable lease interests	$	242	Other assets
Deferred tax assets - noncurrent	$	4,160	Deferred tax assets - noncurrent
Accrued advisory fees	$	918	Accrued liabilities
Deferred tax liability - current	$	544	Accrued liabilities
Deferred rent	$	15,523	Deferred rent
Unfavorable lease liability	$	1,244	Other long-term liabilities
Net assets (liabilities)	$	10,380	Net assets (liabilities)

(6) To reclassify liquor licenses to intangible assets to conform to the combined presentation.

(7) Represents the write-off of a portion of unamortized debt issuance costs related to the amendment of the Company's prior credit facility in connection with the acquisition.

(8) To adjust for the tax effect associated with the write-off of a portion of debt issuance costs as mentioned in (7) above, and the

acquisition-related costs as mentioned in (4) above.

IGNITE RESTAURANT GROUP, INC
Unaudited Pro Forma Combined Condensed Statement of Operations
For the Fiscal Year Ended December 31, 2012
(in thousands, except earnings per share)

	Historical Ignite	Pro Forma Adjustments for Transactions Prior to the Acquisition: IPO	Debt Refinancing	Pro Forma Ignite	Historical Mac Grill (1)	Pro Forma Adjustments Related to the Acquisition	Pro Forma Combined
Revenues	$ 465,056			$ 465,056	$ 388,004		$ 853,060
Cost and expenses							
Restaurant operating costs and expenses							
Cost of sales	145,451			145,451	104,160		249,611
Labor expenses	127,331			127,331	128,055		255,386
Occupancy expenses	33,846			33,846	30,697	(191)(7)	64,352
Other operating expenses	81,219			81,219	111,689		192,908
General and administrative	31,725	(1,388)(3)		30,337	25,116	(1,406)(8)	54,047
Depreciation and amortization	18,572			18,572	6,276	2,125(7)	26,973
Pre-opening costs	3,871			3,871	263		4,134
Restaurant impairments and closures	115			115	706		821
Loss on disposal of property and equipment	2,296			2,296	—		2,296
Total costs and expenses	444,426	(1,388)	—	443,038	406,962	528	850,528
Income from operations	20,630	1,388	—	22,018	(18,958)	(528)	2,532
Interest income (expense), net	(9,366)	2,090(4)	5,784(6)	(1,492)	(162)	(3,179)(9)	(4,833)
Gain (loss) on insurance settlements	(799)			(799)	3,199		2,400
Income (loss) before income taxes	10,465	3,478	5,784	19,727	(15,921)	(3,707)	99
Income tax expense (benefit)	1,751	1,356(2)	2,256(2)	5,363	(2,461)	(1,446)(2) (3,649)(10)	(2,193)
Net income (loss)	$ 8,714	$ 2,122	$ 3,528	$ 14,364	$ (13,460)	$ 1,388	$ 2,292
Net income (loss) per share							
Basic	$ 0.37			$ 0.56			$ 0.09
Diluted	$ 0.37			$ 0.56			$ 0.09
Weighted average shares outstanding							
Basic	23,328			25,624(5)			25,624
Diluted	23,329			25,625(5)			25,625

Unaudited Pro Forma Combined Condensed Statement of Operations (for the fiscal year ended December 31, 2012):

General

(1) We calculated Mac Grill's results of operations for the comparable twelve-month period ended December 26, 2012 by adding its unaudited results of operations for the six months ended December 26, 2012 to its audited results of operations for the year ended June 27, 2012 and then subtracting its unaudited results of operations for the six months ended December 28, 2011, each of which are included as Exhibits 99.1 and 99.2 of this Form 8-K/A.

(2) To reflect the tax effect of the pro forma adjustments at an estimated statutory rate of 39%.

IPO

(3) To reflect a reduction of $0.4 million of management fees paid to entities affiliated with J.H. Whitney Capital Partners, LLC (the Company's owner before the IPO) prior to our IPO in May 2012. We paid a nonrecurring expense of $1.0 million, recorded within general and administrative expenses, related to the termination of the management agreement in connection with the IPO. As they are nonrecurring, historical management fee and the termination fee are not included in the pro forma consolidated statement of operations.

(4) The adjustments related to the IPO reflect a reduction of interest expense resulting from the use of $42.5 million of net proceeds from the IPO to reduce outstanding indebtedness, and are as follows (in thousands):

Elimination of the historical interest expense	$	(910)
Elimination of the historical amortization of debt issuance costs		(126)
Elimination of historical write-off of unamortized debt issuance costs		(1,054)
Net pro forma adjustment to interest expense for IPO	$	(2,090)

(5) Reflects adjustments to oustanding common stock as if the IPO was completed at the beginning of fiscal year 2012.

Debt Refinancing

(6) On October 29, 2012, the Company entered into a new $100.0 million five-year senior secured revolving credit facility, which includes a letter of credit sub-facility of up to $10.0 million and a swing line sub-facility of up to $15.0 million, with a syndicate of commercial banks and other financial institutions. Proceeds of $45.0 million from the October 2012 refinancing and $29.5 million of cash on hand were used to repay a $74.5 million term loan. The adjustments related to the debt refinancing transaction in October 2012 reflect the impact on interest expense as if the transaction had occurred on the first day of fiscal year 2012. Pro forma adjustments from the debt refinancing were as follows (in thousands):

Pro forma interest expense of the new credit facility	$	1,164
Elimination of the historical interest expense		(3,989)
Decrease in amortization of debt issuance costs		(732)
Elimination of historical write-off of unamortized debt issuance costs		(2,227)
Net pro forma adjustment to interest expense for the debt refinancing	$	(5,784)

The assumed interest rate on the October 2012 refinancing transaction is 2.375% (which is LIBOR of 0.375% plus a margin of 2.0%), the actual interest rate in the credit facility as of December 31, 2012. The debt issuance costs related to the October 2012 refinancing transaction are assumed to be amortized over the term of the credit agreement using the straight-line method for the revolving credit facility.

Pro Forma Adjustments Related to the Acquisition

(7) To reflect Mac Grill's decrease in deferred rent expense ($0.5 million) and increases in rent expense ($0.3 million), depreciation expense ($1.8 million) and amortization expense ($0.3 million) in connection with the acquisition.

(8) To reflect a reduction of $1.4 million of advisory fees expense of Mac Grill related to Golden Gate Capital and Brinker International, Inc. The advisory agreement terminated in connection with the acquisition. As they are nonrecurring, advisory fees are not included in the pro forma consolidated statements of operations.

(9) To reflect the addition of a $50.0 million term loan as part of the amended and restated credit facility and a $10.0 million draw under the revolving credit facility to finance the acquisition as if they occurred on the first day of fiscal year 2012. The pro forma adjustments to interest expense related to the acquisition are as follows (in thousands):

Pro forma interest expense on the amended and restated credit facility	$	4,085
Elimination of interest expense on the October 2012 debt refinancing		(1,164)
Pro forma amortization of debt issuance costs on the April 2013 debt refinancing		643
Elimination of historical amortization of debt issuance costs		(328)
Pro forma interest expense of Mac Grill using Ignite's amended and restated (April 2013) credit facility		105
Elimination of historical interest expense of Mac Grill related to its prior credit facility		(162)
Net pro forma adjustment to interest expense for the acquisition	$	3,179

The assumed interest rate on the April 2013 financing transaction is 3.75% (which is LIBOR of 0.25% plus a margin of 3.5%), the actual interest rate in the amended and restated prevailing at closing date. The debt issuance costs related to the April 2013 financing transaction are assumed to be amortized over the term of the credit agreement using the straight-line method for the revolving credit facility. A 1/8 percent variance in the assumed interest rate would result in a net change of $0.1 million in net income for the year.

(10) To eliminate the impact of the valuation allowance recorded in the historical Mac Grill financial statements that would not be required on a combined basis with Ignite.