

Kona Grill Reports First Quarter First Quarter Revenues Increase 20%, Diluted EPS of (\$0.10)
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Kona Grill Reports First Quarter Results

Kona Grill, Inc. (Nasdaq: KONA), an American grill and sushi bar, today reported results for its first quarter ended March 31, 2008.

Highlights for the first quarter of 2008 include:

Revenue increased 20.0% to \$18.8 million

Same-store sales decreased 2.4%

Net loss of (\$0.7) million, or (\$0.10) per diluted share

'First quarter 2008 results are indicative of the overall challenging macroeconomic environment, and in particular, the weak housing markets in Arizona and Nevada. Although the outlook for the remainder of the year suggests caution, we continue to believe that our growth model positions us well to opportunistically participate in any upturn of the economic cycle. In addition, our Board of Director's recent authorization of a 600,000 share repurchase program demonstrates our confidence in the long-term success of our brand,' said Marcus E. Jundt, Chief Executive Officer and President of Kona Grill.

First Quarter Financial Results

For the first quarter of 2008, restaurant sales increased 20.0% to \$18.8 million from \$15.7 million in the same period last year. The increase in restaurant sales during the first quarter primarily reflects additional revenue from four stores opened during 2007. Restaurant sales reflect a 2.4% decrease in same-store sales, principally due to lower sales volume at two restaurants in Arizona and one restaurant in Nevada.

Average weekly sales for the 11 restaurants in the comparable base were \$83,019 during the first quarter of 2008, compared to \$85,042 in the prior year period. Average weekly sales for restaurants not in the comparable base that were open for the entire first quarter of 2008 were \$76,283, versus \$73,046 last year, a 4.4% increase.

Net loss for the first quarter of 2008 was (\$0.7) million, or (\$0.10) per diluted share, based upon 6.6 million diluted shares, versus net loss of (\$0.5) million, or (\$0.09) per diluted share for the same period last year, based upon 5.9 million diluted shares.

Financial Guidance

For the second quarter of 2008, the Company forecasts revenue of \$19.7 million to \$20.3 million and a net loss of (\$0.3) million to (\$0.6) million, or a net loss per diluted share of (\$0.05) to \$(0.09).

For fiscal year 2008, the Company expects revenue of \$86 million to \$90 million and a net loss of (\$0.8) million to (\$1.8) million, or (\$0.12) to (\$0.27) per diluted share. The Company anticipates opening five new restaurants in 2008, including one in the second quarter, one in the third quarter, and three in the fourth quarter. The 2008 development schedule includes the previously announced restaurants in Gilbert, AZ, West Palm Beach, FL, Phoenix, AZ and two additional units to be announced later.

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