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

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31 , 2023

OR

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

Commission file number 001-38250



**FAT Brands Inc.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

82-1302696

(I.R.S. Employer  
Identification No.)

9720 Wilshire Blvd. , Suite 500  
Beverly Hills , CA 90212

(Address of principal executive offices, including zip code)

(310) 319-1850

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

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Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Class A Common Stock, par value \$0.0001 per share</b>	<b>FAT</b>	<b>The Nasdaq Stock Market LLC</b>
<b>Class B Common Stock, par value \$0.0001 per share</b>	<b>FATBB</b>	<b>The Nasdaq Stock Market LLC</b>
<b>Series B Cumulative Preferred Stock, par value \$0.0001 per share</b>	<b>FATBP</b>	<b>The Nasdaq Stock Market LLC</b>
<b>Warrants to purchase Class A Common Stock</b>	<b>FATBW</b>	<b>The Nasdaq Stock Market LLC</b>

**Securities registered pursuant to Section 12(g) of the Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☒

The aggregate market value of voting common stock held by non-affiliated stockholders as of June 25, 2023 was approximately \$ 55.2 million.

As of March 5, 2024, there were 15,694,786 shares of Class A common stock and 1,270,805 shares of Class B common stock outstanding.

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#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

*Certain statements contained herein and certain statements contained in future filings by the Company with the SEC may not be based on historical facts and are "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts contained in this Form 10-K may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding expected new franchisees, brands, store openings and future capital expenditures are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions.*

*Forward-looking statements are subject to significant business, economic and competitive risks, uncertainties and contingencies, many of which are difficult to predict and beyond our control, which could cause our actual results to differ materially from the results expressed or implied in such forward-looking statements. These and other risks, uncertainties and contingencies are described in this Annual Report on Form 10-K, including under "Item 1A. Risk Factors," and the other reports that we file with the SEC from time to time.*

*These forward-looking statements speak only as of the date of this Form 10-K. Except as may be required by law, the Company does not undertake, and specifically disclaims any obligation, to publicly release the results of any revisions that may be made to any Forward-Looking Statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.*

*The following discussion and analysis should be read in conjunction with the Financial Statements of FAT Brands Inc. and the notes thereto included elsewhere in this filing. References in this filing to "the Company," "we," "our," and "us" refer to FAT Brands Inc. and its subsidiaries unless the context indicates otherwise.*

## PART I

### ITEM 1. BUSINESS

FAT Brands Inc. is a leading multi-brand restaurant company that develops, markets, acquires and manages quick service, fast casual, casual dining and polished casual dining restaurant concepts around the world. We operate primarily as a franchisor of restaurants, where we generally do not own or operate the restaurant locations but rather generate revenue by charging franchisees an initial franchise fee as well as ongoing royalties. This “asset light” franchisor model provides us with the opportunity for strong profit margins and an attractive free cash flow profile while minimizing restaurant operating company risk, such as long-term real estate commitments or capital investments. For some of our brands, we also directly own and operate restaurant locations in addition to franchising restaurants.

Our scalable management platform enables us to add new stores and restaurant concepts to our portfolio with minimal incremental corporate overhead cost, while taking advantage of significant corporate overhead synergies. The expansion of our existing brands as well as the acquisition of additional brands and restaurant concepts are key elements of our growth strategy. In addition to our restaurant operations, we own and operate a manufacturing and production facility in Atlanta, Georgia, which supplies our franchisees with cookie dough, pretzel dry mix and other ancillary products.

As of December 31, 2023, our franchisee base consisted of approximately 790 franchisees, who operated an aggregate of approximately 2,300 restaurants, including restaurants under construction. Additionally, we directly owned and operated approximately 190 restaurants as of such date. System wide sales of our franchised and owned locations during fiscal 2023 were \$2.3 billion.

#### The FAT Brands Difference – Fresh. Authentic. Tasty.

Our name represents the values that we embrace as a company and the food that we provide to customers – **Fresh. Authentic. Tasty** (which we refer to as “**FAT**”). The success of our franchisor model is tied to consistent delivery by our restaurant operators of freshly prepared, made-to-order food that our customers desire. With the input of our customers and franchisees, we continually strive to keep a fresh perspective on our brands by enhancing our existing menu offerings and introducing appealing new menu items. When enhancing our offerings, we ensure that any changes are consistent with the core identity and attributes of our brands, although we do not intend to adapt our brands to be all things to all people. In conjunction with our restaurant operators (which means the individuals who manage and/or own our franchised restaurants), we are committed to delivering authentic, consistent brand experiences that have strong brand identity with customers. Ultimately, we understand that we are only as good as the last meal served, and we are dedicated to having our franchisees consistently deliver tasty, high-quality food and positive guest experiences in their restaurants.

#### Our Concepts

As of December 31, 2023, we were the owner and franchisor of the following restaurant brands in four main categories – Quick Service, Fast Casual, Casual Dining and Polished Casual Dining.

#### Quick Service

- **Round Table Pizza.** Round Table Pizza is the franchisor of quick service restaurants located primarily in California and the western United States. Round Table pizzas are made with fresh dough and offered in a variety of original flavors and pizza combinations. Customers also have the option to create their own pizzas. Round Table Pizza includes three restaurant formats – Traditional, Clubhouse and Delivery Only.
- **Marble Slab Creamery.** Marble Slab Creamery is a purveyor of hand-mixed ice cream. Founded in 1983, Marble Slab was an innovator of the frozen slab technique where customers select a variety of items to be mixed into their ice cream or frozen yogurt on a chilled marble slab. Marble Slab ice cream is made in small batches in franchise locations using ingredients from around the world and dairy from local farms. Marble Slab has locations in the United States, Canada, Bahrain, Bangladesh, Guam, Kuwait, Pakistan, Puerto Rico and Saudi Arabia.

- **Great American Cookies.** Great American Cookies (which we refer to as “GAC”) was founded in Atlanta, Georgia in 1977 as a single store which relied upon a single chocolate chip cookie recipe. In 1978, GAC began its franchise operations and introduced a complete line of cookies and brownies. Over the last 30 years, GAC further increased its presence in malls throughout the United States and significantly expanded its product offerings. GAC is known for its signature Cookie Cakes, signature flavors and menu of gourmet products baked fresh in store. GAC has franchised stores in the United States, Bahrain, Guam and Saudi Arabia.
- **Hot Dog on a Stick.** Hot Dog on a Stick (which we refer to as “HDOS”) is the franchisor of quick service restaurants primarily located in regional malls in California and the western United States. HDOS founder Dave Barnham opened his first hot dog stand in Santa Monica, California in 1946. HDOS offers its turkey frank dipped in batter and cooked in canola oil, along with fresh squeezed lemonade, hot dog in a bun, cheese on a stick, funnel cake sticks and french fries.
- **Pretzelmaker.** Pretzelmaker and Pretzel Time are franchised concepts that specialize in offering hand-rolled soft pretzels, innovative soft pretzel products, dipping sauces and beverages. Retail locations are primarily located in shopping malls and other types of shopping centers. The brands were founded independently of each other in 1991, united under common ownership in 1998, and consolidated in 2008 to become the new Pretzelmaker.
- **Fazoli’s.** Founded in 1988 in Lexington, Kentucky, Fazoli’s is an Italian restaurant chain known for its fast and fresh premium quality Italian food, including freshly prepared pasta entrees, Submarinos® sandwiches, salads, pizzas, desserts and unlimited signature breadsticks.

#### **Fast Casual**

- **Fatburger.** Founded in Los Angeles, California in 1947, Fatburger (The Last Great Hamburger Stand) has, throughout its history, maintained its reputation as an iconic, all-American, Hollywood favorite hamburger restaurant serving a variety of freshly made-to-order and customizable Fatburgers, Turkeyburgers, Chicken Sandwiches, Impossible™ Burgers, Veggieburgers, french fries, onion rings, soft-drinks and milkshakes.
- **Johnny Rockets.** Founded in 1986 on iconic Melrose Avenue in Los Angeles, California, Johnny Rockets is a world-renowned, international restaurant franchise that offers high quality, innovative menu items including Certified Angus Beef® cooked-to-order hamburgers, Boca Burger®, chicken sandwiches, crispy fries and rich, delicious hand-spun shakes and malts. This dynamic lifestyle brand offers friendly service and upbeat music contributing to the chain’s signature atmosphere of relaxed, casual fun.
- **Elevation Burger.** Established in Northern Virginia in 2002, Elevation Burger is a fast-casual burger, fries and shakes chain that provides its customers with healthier, “elevated” food options. Serving grass-fed beef, organic chicken and french fries cooked using a proprietary olive oil-based frying method, Elevation maintains environmentally friendly operating practices, including responsible sourcing of ingredients, robust recycling programs intended to reduce its carbon footprint, and store décor constructed of eco-friendly materials.
- **Yalla Mediterranean.** Founded in 2014, Yalla Mediterranean began as a Los Angeles, California based restaurant chain specializing in authentic, healthful, Mediterranean cuisine with an environmental conscience and focus on sustainability. The word “yalla”, which means “let’s go”, is embraced in every aspect of Yalla Mediterranean’s culture and is a key component of our concept, which is based on a healthful Mediterranean menu of wraps, plates and bowls in a fast-casual setting, with cuisine prepared fresh daily using, GMO-free, local ingredients. Due primarily to the COVID-19 pandemic and the emphasis on catering orders, all Yalla Mediterranean stores were closed during the pandemic. We are currently planning to redesign and reintroduce the brand with a rollout of new stores.

### **Casual Dining**

- **Buffalo's Cafe and Buffalo's Express.** Established in Roswell, Georgia in 1985, Buffalo's Cafe (Where Everyone is Family) is a family-themed casual dining concept known for its chicken wings and 13 distinctive homemade wing sauces, burgers, wraps, steaks, salads and other classic American cuisine. Featuring a full bar and table service, Buffalo's Cafe offers a distinctive dining experience affording friends and family the flexibility to share an intimate dinner together or to casually watch sporting events while enjoying extensive menu offerings. Beginning in 2011, Buffalo's Express was developed and launched as a fast-casual, smaller footprint variant of Buffalo's Cafe offering a limited version of the full menu with an emphasis on chicken wings, wraps and salads. Current Buffalo's Express outlets are co-branded with Fatburger locations, providing our franchisees with complementary concepts that share kitchen space and result in a higher average unit volume (compared to stand-alone Fatburger locations).
- **Hurricane Grill & Wings.** Founded in Fort Pierce, Florida in 1995, Hurricane Grill & Wings is a tropical beach themed casual dining restaurant known for its fresh, jumbo, chicken wings, 35 signature sauces, burgers, bowls, tacos, salads and sides. Featuring a full bar and table service, Hurricane Grill & Wings' laid-back, casual, atmosphere affords family and friends the flexibility to enjoy dining experiences together regardless of the occasion. The acquisition of Hurricane Grill & Wings has been complementary to FAT Brands' existing portfolio chicken wing brands, Buffalo's Cafe and Buffalo's Express.
- **Ponderosa Steakhouse / Bonanza Steakhouse.** Ponderosa Steakhouse, founded in 1965, and Bonanza Steakhouse, founded in 1963, offer the quintessential American steakhouse experience. Ponderosa and Bonanza Steakhouses offer guests a high-quality buffet and broad array of great tasting, affordably priced steak, chicken and seafood entrées. Buffets at Ponderosa and Bonanza Steakhouses feature a large variety of all you can eat salads, soups, appetizers, vegetables, breads, hot main courses and desserts. An additional variation of the brand, Bonanza Steak & BBQ, offers a full-service steakhouse with fresh farm-to-table salad bar and a menu showcasing flame-grilled USDA steaks and house-smoked BBQ, with contemporized interpretations of traditional American classics.
- **Native Grill & Wings.** Based in Chandler, Arizona, Native Grill & Wings is a family-friendly sports grill with locations in Arizona, Illinois and Texas. Native Grill & Wings serves over 20 wing flavors that guests can order by the individual wing, as well as an extensive menu of pizza, burgers, sandwiches and salads.

### **Polished Casual Dining**

- **Twin Peaks.** Founded in 2005 in Dallas, Texas, Twin Peaks is a leading sports lodge-themed restaurant chain known for its scratch made food, 29-degree cold beer and all-female wait staff. Each Twin Peaks restaurant features a sports viewing experience in a comfortable mountain lodge atmosphere with a customized sports programming package provided by DirecTV. Menu items include smashed and seared to order burgers, in-house smoked ribs, street tacos and hand-breaded chicken wings. We currently franchise, and also directly own and operate, Twin Peaks restaurants in various states in the United States, and three international locations in Mexico.
- **Smokey Bones.** The Masters of Meat. Smokey Bones Bar & Fire Grill is a full-service restaurant chain delivering great barbecue, award-winning ribs, perfectly seared steaks and memorable moments in 61 locations across 16 states. Smokey Bones serves lunch, dinner, and late night, and has a full bar featuring a variety of bourbons and whiskeys, a selection of domestic, import and local craft beers, and several signature handcrafted cocktails. Smokey Bones offers a variety of meats that are slow-smoked, fire-grilled, and available for dine-in, pick-up, online ordering, catering, and delivery.

## Our Competitive Strengths

We believe that our competitive strengths include:

- **Management Team Designed to Support Multiple Brands and Categories.** As our business has expanded to 18 brands, we have developed a robust and comprehensive management and systems platform designed to support the expansion of our existing brands while enabling for the accretive and efficient acquisition and integration of additional restaurant concepts. We have distinct teams of managers focused on four main categories – Quick Service, Fast Casual, Casual Dining and Polished Casual Dining. Our platform is scalable and adaptable, allowing us to incorporate growth in existing brands and new concepts into the FAT Brands family with minimal incremental corporate costs.
- **Strong Brands Aligned with FAT Brands Vision.** We have an enviable track record of delivering Fresh, Authentic, and Tasty meals across our franchise system, with leading brands in four categories. Our Fatburger, Round Table Pizza, Twin Peaks, Smokey Bones, Johnny Rockets, Fazoli's and Buffalo's concepts have built distinctive brand identities within their respective categories, providing made-to-order, high-quality food at competitive prices. The Ponderosa and Bonanza brands deliver an authentic American steakhouse experience. Hurricane Grill & Wings and Native Grill & Wings offer customers fresh chicken wings with an assortment of sauces and rubs in a casual dining atmosphere. Elevation Burger was the first organic burger chain, serving premium grass-fed beef patties and heart-healthy olive oil fries in a family and eco-friendly environment. Maintaining alignment with the FAT Brands vision across an expanding platform, we believe that our concepts appeal to a broad base of domestic and global consumers.
- **Ability to Cross-Sell Multiple Brands from the FAT Brands Portfolio.** Our ability to easily and efficiently cross-sell to our existing franchisees new brands from our portfolio affords us the ability to grow more quickly and satisfy our existing franchisees' demands to expand their operations. By having the ability to offer our franchisees a variety of restaurant concepts in multiple categories, our existing franchisees are able to acquire the rights to a well-rounded portfolio of FAT Brands concept offerings to strategically satisfy their respective market demands where opportunities are available. We have developed a pipeline of more than 1,000 restaurants under development driven in part by our diverse and attractive portfolio of brands.
- **Asset Light Business Model Driving High Free Cash Flow Conversion.** We operate primarily as a franchisor of restaurants, where we generally do not own or operate the restaurant locations but rather generate revenue by charging franchisees an initial franchise fee as well as ongoing royalties based on their sales. This "asset light" franchisor model provides us with the opportunity for strong profit margins and an attractive free cash flow profile while minimizing restaurant operating company risks, such as long-term real estate commitments, capital investments and increases in employee wage costs. For some of our brands, we also directly own and operate restaurant locations.
- **Robust Franchisee Support.** Our franchisees are our primary customers and we dedicate considerable resources and industry knowledge to promote their success. We offer our franchisees multiple support services such as public relations, supply chain assistance, site selection analysis, staff training and operational oversight and support. We develop and produce most marketing initiatives for our brands in-house, including advertising campaigns, product placements and social media / digital marketing. We have developed a diverse and loyal base of approximately 790 franchisees with restaurants located in 38 countries, including 49 states within the United States, without any excessive market concentration among the franchisees.

## Our Growth Strategy

The principal elements of our growth strategy include:

- **Organically Grow New Store Pipeline and Attract New Franchisees.** We have developed a pipeline of more than 1,000 restaurants under development among our existing and newly acquired franchisees. We also believe that the worldwide markets for our brands are far from saturated and can support a significant increase in units through new franchisee relationships. Additionally, we are seeing strong new franchisee activity as well as continued demand from our existing franchise partners to develop other brands within our portfolio. In many cases, prospective franchisees have experience in and knowledge of markets where we are not currently active, facilitating a smoother brand introduction than we or our existing franchisees could achieve independently.



- **Expand Our Factory Business.** We operate a manufacturing facility in Atlanta, Georgia that supplies batter and pretzel mix to certain of our quick service restaurant brands and operates at approximately 40% capacity. We are executing a strategy to expand the facility's production by offering batter to other brand categories within our portfolio and by entering into third-party manufacturing contracts.
- **Capitalize on Growth Opportunities in our Polished Casual Dining Category.** Twin Peaks is a leading sports lodge-themed restaurant chain known for its scratch made food, 29-degree cold beer and all-female wait staff. Twin Peaks has grown from 85 units to 111 units since our acquisition of the brand in October 2021. We will pursue the continued growth of this brand through additional company-owned and franchised units.
- **Driving Store Growth Through Co-Branding.** We franchise co-branded Fatburger / Buffalo's Express locations, Johnny Rockets / Hurricane Grill and Wings locations, Great American Cookies / Marble Slab Creamery locations and Pretzel Maker / Great American Cookie locations. Additionally, we tri-brand Fat Burger / Buffalo's Express / Hot Dog on a Stick locations and Great American Cookies / Marble Slab Creamery / Pretzel Maker locations. Each co-brand and tri-brand giving franchisees the flexibility of offering multiple concepts, while sharing kitchen space, resulting in a higher average check (compared to stand-alone Fatburger locations). Franchisees benefit by serving a broader customer base, and we estimate that co-branding and tri-branding results in a 20%-30% increase in average unit volume compared to stand-alone locations with minimal incremental cost to franchisees. Our acquisition strategy reinforces the importance of co-branding, as we expect to offer each of the complementary brands that we acquire to our existing franchisees on a co-branded basis.
- **Optimize Capital Structure.** In 2021, we funded our acquisition of restaurant brands primarily through the issuances of notes under four separate whole-business securitization facilities, which significantly reduced our net cost of capital compared with acquisitions that we consummated in prior years. In the future, we plan to refinance these notes and may seek an investment rating on a portion of the notes in order to further reduce our cost of capital. Additionally, we may consider selling or spinning off as standalone companies various assets.
- **Continue Expanding FAT Brands Internationally.** We have a significant global presence, with franchised stores in 38 countries, including 49 states within the United States. We believe that the appeal of our Fresh, Authentic, and Tasty concepts is global, and we are targeting further penetration of Middle Eastern and Asian markets, particularly through expanding and number of units of several of our existing brands.
- **Acquire New Brands that Enhance Existing Categories.** Our management platform was designed and developed to cost-effectively and seamlessly scale with new restaurant concept acquisitions, particularly those in our existing restaurant categories. We have identified additional categories of potential acquisitions that appeal to a broad base of U.S. and international customers and that would be accretive to our existing portfolio of brands.

## Franchise Program

**General.** We utilize a franchise development strategy as our primary method for new store growth by leveraging the interest of our existing franchisees and those potential franchisees with an entrepreneurial spirit looking to launch their own business. We have a franchisee qualification and selection process to ensure that each franchisee meets our strict brand standards.

**Franchise Agreements.** Our current franchise agreements generally provide for an initial franchise fee ranging from \$20,000 to \$50,000 per store, and a typical royalty fee of between 0.75% to 7.0% of net sales. In addition, franchisees typically pay an advertising fee based on net sales for local marketing and brand marketing.

**Development Agreements.** For some of our brands, we use development agreements to facilitate the planned expansion of our restaurants through single and multiple unit development. Each development agreement gives a developer the exclusive right to construct, own and operate stores within a defined area. In exchange, the franchisee agrees to open a minimum number of stores in the area in a prescribed time period. Franchisees that enter into development agreements are required to pay a fee, which is credited against franchise fees due when the store is opened in the future. Franchisees may forfeit such fees and lose their rights to future development if they do not maintain the required store opening schedule.

## Franchisee Support

### **Marketing**

Our *Fresh, Authentic and Tasty* values are the anchor that inspires our marketing efforts. Our resolve to maintain our premium positioning, derived from the FAT Brands' values, is reinforced by our management platform, capital light business model, experienced and diverse global franchisee network and seasoned and passionate management team. Although our marketing and advertising programs are concept-specific, we believe that our restaurant customers appreciate the value of their experiences visiting our establishments and, thus, the core of our marketing strategy is to engage and dialogue with customers at our restaurant locations as well as through social media.

Our *Fresh, Authentic and Tasty* values are an invitation for restaurant customers to align with FAT Brands' commitment to consistently deliver freshly prepared, made-to-order food that restaurant customers desire. We are dedicated to keeping a fresh perspective on our concepts, perfecting our existing menu offerings as well as introducing appealing new items. We ensure that any changes are consistent with the core identity of our brands, and we will not adapt our brands to be all things to all people.

Our marketing initiatives include a robust mix of local community marketing, in-store campaigns, product placements, partnerships, promotions, social media, influencer marketing, traditional media and word of mouth advertising. Corresponding with the evolutionary shift in how restaurant customers receive content and engage with media and brands today, we have also dramatically increased our focus on mobile, social, and digital advertising to leverage the content we generate from public relations and experiential marketing to better connect with restaurant customers, sharing information about new menu offerings, promotions, new store openings and other relevant FAT Brands information. We communicate with restaurant customers in creative and organic ways that we believe fortifies our connections with them and increase brand awareness.

### **Site Selection and Development**

Our franchisees work alongside our franchise development department during the search, review, leasing and development process for a new restaurant location. Typically, it takes between 60 and 90 days from the time we sign an agreement with a franchisee until that franchisee signs a lease. When selecting a location, our team assists franchisees in seeking locations based on a variety of factors, including but not limited to traffic patterns, access, visibility, building constraints, competition, activity generators and lease terms.

### **Supply Chain Assistance**

FAT Brands is committed to seeking out and working with best-in-class suppliers and distribution networks on behalf of our franchisees. Our *Fresh, Authentic and Tasty* vision guides us in how we source and develop our ingredients, always looking for the best ways to provide top quality food that is as competitively priced as possible for our franchisees and their customers. We utilize a third-party purchasing and consulting company that provides distribution, rebate collection, product negotiations, audits and sourcing services focusing on negotiating distributor, vendor and manufacturer contracts, thereby ensuring that our brands receive meaningful buying power for our franchisees.

Our team has developed a reliable supply chain and continues to focus on identifying additional back-ups to avoid or minimize any possible interruption of service and product globally for our franchisees. Domestically, FAT Brands has distribution agreements with broadline national distributors as well as regional providers. Internationally, our franchisees have distribution agreements with different providers market-by-market. We utilize distribution centers operated by our distributors. Our broadline national distributors are the main purchasing link in the United States among many of our suppliers, and distribute most of our dry, refrigerated and frozen goods, non-alcoholic beverages, paper goods and cleaning supplies. Internationally, distributors are also used to provide the majority of products to our franchisees.

Food Safety and Quality Assurance. Food safety is one of our top priorities of FAT Brands. As such, we maintain rigorous safety standards for our menu offerings. We have carefully selected preferred suppliers that adhere to our safety standards, and our franchisees are required to source their ingredients from these approved suppliers. Furthermore, our commitment to food safety is strengthened through the direct relationship between our Supply Chain and Field Consultant Assistance teams.

### ***Management Information Systems***

FAT Brands restaurants utilize a variety of back-office, computerized and manual, point-of-sale systems and tools. We utilize these systems following a multi-faceted approach to monitor restaurants operational performance, food safety, quality control, customer feedback and profitability.

The point-of-sale systems are designed specifically for the restaurant industry and we use many customized features to evaluate operational performance, provide data analysis, marketing promotional tracking, guest and table management, high-speed credit card and gift card processing, daily transaction data, daily sales information, product mix, average transaction size, order modes, revenue centers and other key business intelligence data. Utilizing these point-of-sale systems back-end, web-based, enterprise level, software solution dashboards, our home office and Franchise Operations Consultant Support staff are provided with real-time access to detailed business data which allows for our home office and Franchise Operations Consultant Support staff to closely, and remotely, monitor stores performance and assist in providing focused and timely support to our franchisees. Furthermore, these systems supply sales, bank deposit and variance data to our accounting department on a daily basis, and we use this data to generate daily sales information and weekly consolidated reports regarding sales and other key measures for each restaurant with final reports following the end of each period.

In addition to utilizing these point-of-sale systems, FAT Brands utilizes systems which provide detailed, real-time (and historical) operational data for all locations, allowing our management team to track product inventories, equipment temperatures, repair and maintenance schedules, intra-shift team communications, consistency in following standard operating procedures and tracking of tasks. FAT Brands also utilizes a web-based employee scheduling software program providing franchisees, and their management teams, increased flexibility and awareness of scheduling needs allowing them to efficiently, and appropriately, manage their labor costs and store staffing requirements/needs. Lastly, FAT Brands utilizes a proprietary customer feedback system allowing customers to provide feedback in real-time to our entire management team, franchisees and store managers.

### ***Field Consultant Assistance***

In conjunction with utilizing the FAT Brands Management Information Systems, FAT Brands has a team of dedicated Franchise Operations Consultant Support staff who oversee designated market areas and specific subsets of restaurants. Our Franchise Operations Consultant Support staff work in the field daily with franchisees, and their management teams, to ensure that the integrity of all FAT Brands concepts are upheld and that franchisees are utilizing the tools and systems FAT Brands requires in order to provide input to our franchisees to assist them to optimize and accelerate their profitability. FAT Brands Franchise Operations Consultant Support staff responsibilities include the following, many of which are performed on a rotating basis (but are not limited to):

- Conducting announced and unannounced store visits and evaluations;
- Continuous training and re-training of new and existing franchise operations;
- Conducting quarterly workshops for franchisees and their management teams;
- Development and collection of monthly profit and loss statements for each store;
- Store set-up, training, oversight and support for pre- and post- new store openings;
- Training, oversight and implementation of in-store marketing initiatives; and
- Inspections of equipment, temperatures, food-handling procedures, customer service, products in store, cleanliness, and team member attitude.

### ***Training, Pre-Opening Assistance and Opening Support***

FAT Brands offers Executive level and Operational level training programs to its franchisees, pre-opening assistance and opening assistance. Once open, FAT Brands continually provides ongoing operational and marketing support to our franchisees with the intention of offering advice to their management teams that they can use if they choose to more effectively operate their restaurants and increasing their stores financial profitability.

## Competition

Our franchised and company owned restaurants compete in the quick service, fast casual, casual and polished casual dining categories of the restaurant industry, a highly competitive industry in terms of price, service, location, and food quality. The restaurant industry is often affected by changes in consumer trends, economic conditions, demographics, traffic patterns, and concern about the nutritional content of food. Furthermore, there are many well-established competitors with substantially greater financial resources than the Company's, including several national, international, regional and local store franchisors and operators. The restaurant industry also has few barriers to entry and new competitors may emerge at any time.

## Seasonality and Effects of Weather

While some of our brands are subject to seasonal fluctuations in their sales and may be affected by inclement weather, our business overall does not experience significant seasonal variability in its financial performance. Holidays and severe weather in certain regions, including hurricanes, tornados, thunderstorms, snow and ice storms, prolonged extreme temperatures and similar conditions, may impact restaurant sales volumes in some of the markets in which we operate. In addition, the risk of increasingly severe weather due to climate change or the risk that those events happen more frequently could increasingly affect our operations in the future.

## Intellectual Property

We own, domestically and internationally, valuable intellectual property including trademarks, service marks, trade secrets and other proprietary information related to our restaurant and corporate brands. This intellectual property includes logos and trademarks which are of material importance to our business. Depending on the jurisdiction, trademarks and service marks generally are valid as long as they are used and/or registered. We seek to actively protect and defend our intellectual property from infringement and misuse.

## Human Capital Resources

We believe that our employees are critical to our success and seek to provide a working environment which encourages personal growth and success in our workforce. We believe that we have good relations with our employees and offer competitive compensation and benefits customary to our industry. Our benefits package for qualified employees includes employer paid health insurance and opportunities for stock-based incentives. Our restaurant employees receive continuing training and have the opportunity to advance in responsibility and leadership.

We believe that communication is key to the effectiveness of our workforce and schedule regular weekly conference calls with all of our corporate employees, updating them on the direction of the business, important developments within our company and the industry and key milestones to be achieved. We also encourage our employees to be involved in their communities and directly operate two charities - The Seeds of Compassion Fund, Inc., a charitable foundation that provides disaster relief to local communities, and FAT Brands Foundation, a charitable foundation that was organized and seeded by FAT Brands and which seeks additional contributions from our employees, franchise partners and brand partners. From time to time, we also sponsor meal events for first responders and medical professionals during local disasters.

As of December 31, 2023, we had approximately 7,390 employees, including approximately 2,600 full time employees. This amount includes approximately 2,230 full time and 4,790 part time employees at restaurants which we own and operate. We have a diverse workforce and have initiated a program to enhance diversity, equity and inclusion among our employees and stakeholders, led by an executive level Diversity, Equity & Inclusion Officer. As an equal opportunity employer, all qualified applicants receive consideration without regard to race, national origin, gender, gender identity, sexual orientation, protected veteran status, disability, age or any other legally protected status.

## Government Regulation

U.S. Operations. Our U.S. operations are subject to various federal, state and local laws affecting our business, primarily laws and regulations concerning the franchisor/franchisee relationship, marketing, food labeling, labor and employment, sanitation and safety and anti-bribery and anti-corruption laws. Various federal and state labor laws, along with rules and regulations, govern our relationship with our employees, including such matters as minimum wage, overtime, tip credits, health insurance, working conditions, safety and work eligibility requirements. Each of our franchised and company owned restaurants in the U.S. must comply with licensing and regulation by a number of governmental authorities, which include health, sanitation, safety, fire and zoning agencies in the state and/or municipality in which the restaurant is located. In addition, alcoholic beverage control regulations require each of our restaurants which sells alcohol to apply to a federal and state authority and, in certain locations, municipal authorities for a license and permit to sell alcoholic beverages on and off-premises. Typically, licenses must be renewed annually and may be revoked or suspended for cause by such authority at any

time. To date, we have not been materially adversely affected by such licensing and regulation or by any difficulty, delay or failure to obtain required licenses or approvals.

**International Operations.** Our restaurants outside the U.S. are subject to national and local laws and regulations which in general are similar to those affecting U.S. restaurants. The restaurants outside the U.S. are also subject to tariffs and regulations on imported commodities and equipment and laws regulating foreign investment, as well as anti-bribery and anti-corruption laws.

See “Risk Factors” for a discussion of risks relating to federal, state, local and international regulation of our business.

## **Our Corporate Information**

FAT Brands Inc. was formed as a Delaware corporation on March 21, 2017. Our corporate headquarters are located at 9720 Wilshire Blvd., Suite 500, Beverly Hills, California 90212. Our main telephone number is (310) 319-1850. Our principal Internet website address is [www.fatbrands.com](http://www.fatbrands.com). The information on our website is not incorporated by reference into, or a part of, this Annual Report.

## **Available Information**

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are filed with the Securities and Exchange Commission (the “SEC”). We are subject to the informational requirements of the Exchange Act and file or furnish reports, proxy statements and other information with the SEC. The public may read and copy any materials filed by us with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549, and may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov). The contents of these websites are not incorporated into this Annual Report. Further, our references to the URLs for these websites are intended to be inactive textual references only. We also make the documents listed above available without charge through the Investor Relations Section of our website at [www.fatbrands.com](http://www.fatbrands.com).

## **ITEM 1A. RISK FACTORS**

*Except for the historical information contained herein or incorporated by reference, this report and the information incorporated by reference contain forward-looking statements that involve risks and uncertainties. These statements include projections about our accounting and finances, plans and objectives for the future, future operating and economic performance and other statements regarding future performance. These statements are not guarantees of future performance or events. Our actual results could differ materially from those discussed in this report. Factors that could cause or contribute to these differences include, but are not limited to, those discussed in the following section, as well as those discussed in Part II, Item 7 entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere throughout this report and in any documents incorporated in this report by reference.*

*You should carefully consider the following risk factors and in the other information included or incorporated in this report. If any of the following risks, either alone or taken together, or other risks not presently known to us or that we currently believe to not be significant, develop into actual events, then our business, financial condition, results of operations or prospects could be materially adversely affected. If that happens, the market price of our common stock could decline, and stockholders may lose all or part of their investment.*

### **Risks Related to Our Franchised Business Model**

***Our operating and financial results and growth strategies are closely tied to the success of our franchisees.***

Most of our restaurants are operated by franchisees, which makes us dependent on the financial success and cooperation of our franchisees. We have limited control over how our franchisees’ businesses are run, and the inability of franchisees to operate successfully could adversely affect our operating and financial results through decreased royalty payments. If our franchisees incur too much debt, if their operating expenses or commodity prices increase or if economic or sales trends deteriorate such that they are unable to operate profitably or repay existing debt, it could result in their financial distress, including insolvency or bankruptcy. If a significant franchisee or a significant number of our franchisees become financially distressed, our operating and financial results could be impacted through reduced or delayed royalty payments. Our success also depends on the willingness and ability of our franchisees to implement major initiatives, which may include

financial investment. Our franchisees may be unable to successfully implement strategies that we believe are necessary for their further growth, which in turn may harm the growth prospects and financial condition of the company. Additionally, the failure of our franchisees to focus on the fundamentals of restaurant operations, such as quality service and cleanliness (even if such failures do not rise to the level of breaching the related franchise documents), could have a negative impact on our business.

***Our franchisees could take actions that could harm our business and may not accurately report sales.***

Our franchisees are contractually obligated to operate their restaurants in accordance with the operations, safety, and health standards set forth in our agreements with them and applicable laws. However, although we attempt to properly train and support all our franchisees, they are independent third parties whom we do not control. The franchisees own, operate, and oversee the daily operations of their restaurants, and their employees are not our employees. Accordingly, their actions are outside of our control. Although we have developed criteria to evaluate and screen prospective franchisees, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises at their approved locations, and state franchise laws may limit our ability to terminate or not renew these franchise agreements. Moreover, despite our training, support and monitoring, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements or may not hire and adequately train qualified managers and other restaurant personnel. The failure of our franchisees to operate their franchises in accordance with our standards or applicable law, actions taken by their employees or a negative publicity event at one of our franchised restaurants or involving one of our franchisees could have a material adverse effect on our reputation, our brands, our ability to attract prospective franchisees, our company-owned restaurants, and our business, financial condition or results of operations.

Franchisees typically use a point of sale, or POS, cash register system to record all sales transactions at the restaurant. We require franchisees to use a specific brand or model of hardware or software components for their restaurant system. Currently, franchisees report sales manually and electronically, but we do not have the ability to verify all sales data electronically by accessing their POS cash register systems. We have the right under our franchise agreement to audit franchisees to verify sales information provided to us, and we have the ability to indirectly verify sales based on purchasing information but this cannot be done economically across all franchisees. However, franchisees may underreport sales, which would reduce royalty income otherwise payable to us and adversely affect our operating and financial results.

***If we fail to identify, recruit and contract with a sufficient number of qualified franchisees, our ability to open new franchised restaurants and increase our revenues could be materially adversely affected.***

The opening of additional franchised restaurants depends, in part, upon the availability of prospective franchisees who meet our criteria. Most of our franchisees open and operate multiple restaurants, and our growth strategy requires us to identify, recruit and contract with a significant number of new franchisees each year. We may not be able to identify, recruit or contract with suitable franchisees in our target markets on a timely basis or at all. In addition, our franchisees may not have access to the financial or management resources that they need to open the restaurants contemplated by their agreements with us, or they may elect to cease restaurant development for other reasons. If we are unable to recruit suitable franchisees or if franchisees are unable or unwilling to open new restaurants as planned, our growth may be slower than anticipated, which could materially adversely affect our ability to increase our revenues and materially adversely affect our business, financial condition and results of operations.

***If we fail to open new domestic and international franchisee-owned restaurants on a timely basis, our ability to increase our revenues could be materially adversely affected.***

A significant component of our growth strategy includes the opening of new domestic and international franchised restaurants. Our franchisees face many challenges associated with opening new restaurants, including:

- identification and availability of suitable restaurant locations with the appropriate size; visibility; traffic patterns; local residential neighborhood, retail and business attractions; and infrastructure that will drive high levels of customer traffic and sales per restaurant;
- competition with other restaurants and retail concepts for potential restaurant sites and anticipated commercial, residential and infrastructure development near new or potential restaurants;
- ability to negotiate acceptable lease arrangements;
- availability of financing and ability to negotiate acceptable financing terms;
- recruiting, hiring and training of qualified personnel;

- construction and development cost management;
- completing their construction activities on a timely basis;
- obtaining all necessary governmental licenses, permits and approvals and complying with local, state and federal laws and regulations to open, construct or remodel and operate our franchised restaurants;
- unforeseen engineering or environmental problems with the leased premises;
- avoiding the impact of adverse weather during the construction period; and
- other unanticipated increases in costs, delays or cost overruns.

As a result of these challenges, our franchisees may not be able to open new restaurants as quickly as planned or at all. Our franchisees have experienced, and expect to continue to experience, delays in restaurant openings from time to time and have abandoned plans to open restaurants in various markets on occasion. Any delays or failures to open new restaurants by our franchisees could materially and adversely affect our growth strategy and our results of operations.

***Negative publicity relating to one of our franchised restaurants could reduce sales at some or all of our other franchised restaurants.***

Our success is dependent in part upon our ability to maintain and enhance the value of our brands, consumers' connection to our brands and positive relationships with our franchisees. We may, from time to time, be faced with negative publicity relating to food quality, public health concerns, restaurant facilities, customer complaints or litigation alleging illness or injury, health inspection scores, integrity of our franchisees or their suppliers' food processing, employee relationships or other matters, regardless of whether the allegations are valid or whether or not the Company is held to be responsible. The negative impact of adverse publicity relating to one franchised restaurant may extend far beyond that restaurant or franchisee involved to affect some or all our other franchised restaurants. The risk of negative publicity is particularly great with respect to our franchised restaurants because we are limited in the manner in which we can control a franchisee's operations and messaging, especially on a real-time basis. The considerable expansion in the use of social media over recent years can further amplify any negative publicity that could be generated by such incidents. A similar risk exists with respect to unrelated food service businesses, if consumers associate those businesses with our own or franchised operations. Additionally, employee claims against us based on, among other things, wage and hour violations, discrimination, harassment or wrongful termination may also create negative publicity that could adversely affect us and divert our financial and management resources that would otherwise be used to benefit the future performance of our operations. A significant increase in the number of these claims or an increase in the number of successful claims would have a material adverse effect on our business, financial condition and results of operations. Consumer demand for our products and our brands' value could diminish significantly if any such incidents or other matters create negative publicity or otherwise erode consumer confidence in us or our products, which would likely result in lower sales and could have a material adverse effect on our business, financial condition and results of operations.

***Our brands' value may be limited or diluted through franchisee and third-party activity.***

Although we monitor and regulate certain aspects of franchisee activities under the terms of our franchise agreements, franchisees or other third parties may refer to or make statements about our brands that do not make proper use of our trademarks or required designations, that improperly alter trademarks or branding, or that are critical of our brands or place our brands in a context that may tarnish our reputation. This may result in dilution of, or harm to, our intellectual property or the value of our brands. Franchisee noncompliance with the terms and conditions of our franchise agreements may reduce the overall goodwill of our brands, whether through the failure to meet health and safety standards, engage in quality control or maintain product consistency, or through the participation in improper or objectionable business practices. Moreover, unauthorized third parties may use our intellectual property to trade on the goodwill of our brands, resulting in consumer confusion or dilution of our brands' value. Any reduction of our brands' goodwill, consumer confusion, or reputational dilution is likely to impact sales, and could materially and adversely impact our business and results of operations.

## **Risks Relating to Our Business and Operations**

***We have significant outstanding indebtedness under our whole-business securitization facilities, which require that we generate sufficient cash flow to satisfy the payment and other obligations under the terms of our debt and exposes us to the risk of default and lender remedies.***

We have financed our acquisitions and operations through the issuance of notes by four special purpose, wholly-owned financing subsidiaries, which own substantially all of our operations. The Company acts as the manager of each of these subsidiaries under a Management Agreement and performs management, franchising, distribution, intellectual property and operational functions on behalf of the subsidiaries for which it receives a management fee. The aggregate principal balance of the indebtedness under our whole-business securitization facilities was \$1.2 billion as of December 31, 2023. Subject to contractual restrictions, we and our financing subsidiaries may incur additional indebtedness for various purposes, including to fund future acquisitions, the construction of company-owned restaurants and operational needs. The terms of our outstanding indebtedness provide for significant principal and interest payments, and subjects us to certain financial and non-financial covenants, including a debt service coverage ratio calculation, as defined in the applicable Indentures for these facilities. If certain covenants are not met, the indebtedness under these facilities may become partially or fully due and payable on an accelerated schedule. Our ability to meet the payment obligations under our debt depends on our ability to generate significant cash flow in the future. We cannot assure you that our business will generate cash flow from operations, or that other capital will be available to us, in amounts sufficient to enable us to meet our payment obligations under our Indentures and to fund our other liquidity needs. If we are not able to generate sufficient cash flow to service these obligations, we may need to refinance or restructure our debt, sell unencumbered assets (if any) or seek to raise additional capital. If we are unable to implement one or more of these options, we may not be able to meet these payment obligations, and the imposition of remedies by the note holders could materially and adversely affect our business, financial condition and liquidity.

***We may pursue opportunistic acquisitions of additional brands, and we may not find suitable acquisition candidates or successfully operate or integrate any brands that we may acquire.***

As part of our growth strategy, we may opportunistically acquire new brands and restaurant concepts. Although we believe that opportunities for future acquisitions may be available from time to time, competition for acquisition candidates may exist or increase in the future. Consequently, there may be fewer acquisition opportunities available to us as well as higher acquisition prices. There can be no assurance that we will be able to identify, acquire, manage or successfully integrate additional brands or restaurant concepts (including brands and concepts that we have already acquired) without substantial costs, delays or operational or financial problems.

The difficulties of integration include coordinating and consolidating geographically separated systems and facilities, integrating the management and personnel of the acquired brands, maintaining employee morale and retaining key employees, implementing our management information systems and financial accounting and reporting systems, establishing and maintaining effective internal control over financial reporting, and implementing operational procedures and disciplines to control costs and increase profitability.

In the event we are able to acquire additional brands or restaurant concepts, the integration and operation of such acquisitions may place significant demands on our management, which could adversely affect our ability to manage our existing restaurants. In addition, we may be required to obtain additional financing to fund future acquisitions, but there can be no assurance that we will be able to obtain additional financing on acceptable terms or at all.

***Food safety and foodborne illness concerns may have an adverse effect on our business.***

Foodborne illnesses, such as E. coli, hepatitis A, trichinosis and salmonella, occur or may occur within our system from time to time. In addition, food safety issues such as food tampering, contamination and adulteration occur or may occur within our system from time to time. Any report or publicity linking one of our franchisee's restaurants, or linking our competitors or our industry generally, to instances of foodborne illness or food safety issues could adversely affect our brands and reputations as well as our revenues and profits, and possibly lead to product liability claims, litigation and damages. If a customer of one of our franchisees' restaurants becomes ill as a result of food safety issues, restaurants in our system may be temporarily closed, which would decrease our revenues. In addition, instances or allegations of foodborne illness or food safety issues, real or perceived, involving our franchised restaurants, restaurants of competitors, or suppliers or distributors (regardless of whether we use or have used those suppliers or distributors), or otherwise involving the types of food served at our franchisees' restaurants, could result in negative publicity that could adversely affect our revenues or the sales of our franchisees. Additionally, allegations of foodborne illness or food safety issues could result in litigation involving us and our franchisees. The occurrence of foodborne illnesses or food safety issues could also adversely affect the price and availability of



affected ingredients, which could result in disruptions in our supply chain and/or lower revenues and margins for us and our franchisees.

***The sale of alcoholic beverages at Twin Peaks and Smokey Bones Restaurants subjects us to additional regulations and potential liability.***

The Twin Peaks and Smokey Bones restaurants that we own and operate sell alcoholic beverages, and we are therefore required to comply with the alcohol licensing requirements of the federal government, states and municipalities where such restaurants are located. Alcoholic beverage control regulations require applications to state authorities and, in certain locations, county and municipal authorities for a license and permit to sell alcoholic beverages on the premises and to provide service for extended hours and on Sundays. Typically, the licenses are renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of the restaurants, including minimum age of guests and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, storage and dispensing of alcoholic beverages. If we fail to comply with federal, state or local regulations, such licenses may be revoked and our Twin Peaks and Smokey Bones restaurants may be forced to terminate the sale of alcoholic beverages. Any termination of the sale of alcoholic beverages could have a significant negative impact on our revenues. Similarly, any reduction in state blood alcohol content limits on drivers, or laws relating to vehicle interlocking devices, could also have a significant negative impact on revenues of the Twin Peaks and Smokey Bones restaurants.

In certain states in which Twin Peaks and Smokey Bones restaurants are situated, we may be subject to dram shop statutes. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated individual. Recent litigation against restaurant chains has resulted in significant judgments and settlements under dram shop statutes. Because these cases often seek punitive damages, which may not be covered by insurance, such litigation could have an adverse impact on our business, results of operations or financial condition. Regardless of whether any claims against us or our Twin Peaks and Smokey Bones operations are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from operations and hurt our financial performance. A judgment significantly in excess of insurance coverage or not covered by insurance could have a material adverse effect on our business, results of operations and financial condition. Adverse publicity resulting from these allegations may materially affect us and the Twin Peaks and Smokey Bones restaurants. In addition, it may not be possible to obtain adequate levels of insurance coverage in the future for alcohol related claims, and such coverage may not be available for reasonable insurance premiums.

***The impact global and domestic economic conditions have on consumer discretionary spending and our costs of operations could materially adversely affect our financial performance.***

Geopolitical and macroeconomic events have impacted consumer spending and our costs of operations and may continue to do so for some time in the future. Dining out is a discretionary expenditure that is influenced by domestic and global economic conditions, including, but not limited to: geopolitical instability, including armed conflicts, supply shortages, interest rates (including recent interest rates above historical norms), unemployment, significant cost inflation, health emergencies including the COVID-19 pandemic, consumer confidence, consumer purchasing and saving habits, credit conditions, stock market performance, home values, population growth, household incomes and tax policy. Material changes to governmental policy related to domestic and international fiscal concerns, and/or changes in central bank policies with respect to monetary policy, also could affect consumer discretionary spending. Any factor affecting consumer discretionary spending may influence customer traffic in our restaurants and average check amount, thus potentially having a material impact on our financial performance. Furthermore, negative economic conditions resulting from war, terrorist activities, global economic occurrences or trends or other geopolitical events or conflicts could cause consumers to make long-term changes to their discretionary spending behavior, whether on a temporary, extended or permanent basis. Reductions in staff levels and restaurant closures could result from prolonged negative economic conditions, which could materially adversely affect our business, financial condition or results of operations.

***Our success depends substantially on our corporate reputation and on the value and perception of our brands.***

Our success depends in large part upon our and our franchisees' ability to maintain and enhance the value of our brands and our customers' loyalty to our brands. Brand value is based in part on consumer perceptions on a variety of subjective qualities. Business incidents, whether isolated or recurring, and whether originating from us, franchisees, competitors, suppliers or distributors, can significantly reduce brand value and consumer trust, particularly if the incidents receive considerable publicity or result in litigation. For example, our brands could be damaged by claims or perceptions about the quality or safety of our products or the quality or reputation of our suppliers, distributors or franchisees, regardless of whether such claims or perceptions are true. Similarly, entities in our supply chain may engage in conduct, including alleged human rights abuses or environmental wrongdoing, and any such conduct could damage our or our brands' reputations. Any such incidents (even if resulting from actions of a competitor or franchisee) could cause a decline directly or indirectly in

consumer confidence in, or the perception of, our brands and/or our products and reduce consumer demand for our products, which would likely result in lower revenues and profits. Additionally, our corporate reputation could suffer from a real or perceived failure of corporate governance or misconduct by a company officer, or an employee or representative of us or a franchisee.

***Failure to protect our service marks or other intellectual property could harm our business.***

We regard our service marks and trademarks related to our franchise restaurant businesses, as having critical importance to our future operations and marketing efforts. We rely on a combination of protections provided by contracts, copyrights, patents, trademarks, service marks and other common law rights, such as trade secret and unfair competition laws, to protect our franchised restaurants and services from infringement. We have registered certain trademarks and service marks in the U.S. and foreign jurisdictions. However, from time to time we become aware of names and marks identical or confusingly similar to our service marks being used by other persons. Although our policy is to oppose any such infringement, further or unknown unauthorized uses or other misappropriation of our trademarks or service marks could diminish the value of our brands and adversely affect our business. In addition, effective intellectual property protection may not be available in every country in which our franchisees have, or intend to open or franchise, a restaurant. There can be no assurance that these protections will be adequate and defending or enforcing our service marks and other intellectual property could result in the expenditure of significant resources. We may also face claims of infringement that could interfere with the use of the proprietary know how, concepts, recipes, or trade secrets used in our business. Defending against such claims may be costly, and we may be prohibited from using such proprietary information in the future or forced to pay damages, royalties, or other fees for using such proprietary information, any of which could negatively affect our business, reputation, financial condition, and results of operations.

***If our franchisees are unable to protect their customers' credit card data and other personal information, our franchisees could be exposed to data loss, litigation, and liability, and our reputation could be significantly harmed.***

Privacy protection is increasingly demanding, and the use of electronic payment methods and collection of other personal information expose our franchisees to increased risk of privacy and/or security breaches as well as other risks. The majority of our franchisees' restaurant sales are by credit or debit cards. In connection with credit or debit card transactions in-restaurant, our franchisees collect and transmit confidential information by way of secure private retail networks. Additionally, our franchisees collect and store personal information from individuals, including their customers and employees.

If a person is able to circumvent our franchisees' security measures or those of third parties, he or she could destroy or steal valuable information or disrupt our operations. Our franchisees may become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information, and our franchisees may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause our franchisees to incur significant unplanned expenses, which could have an adverse impact on our financial condition, results of operations and cash flows. Further, adverse publicity resulting from these allegations could significantly harm our reputation and may have a material adverse effect on us and our franchisees' business.

***We and our franchisees rely on computer systems to process transactions and manage our business, and a disruption or a failure of such systems or technology could harm our ability to effectively manage our business.***

Network and information technology systems are integral to our business. We utilize various computer systems, including our franchisee reporting system, by which our franchisees report their weekly sales and pay their corresponding royalty fees and required advertising fund contributions. When sales are reported by a franchisee, a withdrawal for the authorized amount is initiated from the franchisee's bank on a set date each week based on gross sales during the week ended the prior Sunday. This system is critical to our ability to accurately track sales and compute royalties and advertising fund contributions and receive timely payments due from our franchisees. Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, worms and other disruptive problems. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and subject us to litigation or actions by regulatory authorities. Despite the implementation of protective measures, our systems are subject to damage and/or interruption as a result of power outages, computer and network failures, computer viruses and other disruptive software, security breaches, catastrophic events, and improper usage by employees. Such events could result in a material disruption in operations, a need for a costly repair, upgrade or replacement of systems, or a decrease in, or in the collection of, royalties and advertising fund contributions paid to us by our franchisees. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability which could

materially affect our results of operations. It is also critical that we establish and maintain certain licensing and software agreements for the software we use in our day-to-day operations. A failure to procure or maintain these licenses could have a material adverse effect on our business operations.

***Our business may be adversely affected by cybersecurity incidents, which result in unauthorized access, theft, modification or destruction of confidential information that is stored in our systems or by third parties on our behalf.***

Cybersecurity incidents or other unauthorized access to systems may result in disruption to our operations, corruption or theft of critical data, confidential information or intellectual property. As reliance on technology continues to grow and more business activities have shifted online, the risk associated with any cybersecurity incidents have grown. While we and our third-party vendors have implemented security systems and infrastructure to prevent, detect and/or mitigate the risk of unauthorized access to technology systems or platforms, there can be no assurance that these measures will be effective. Any cybersecurity or similar incident involving confidential information of our business, our franchisees or our restaurant customers could result in negative publicity, damage to our reputation, a loss of revenues, disruption of our business, litigation and regulatory actions. Additional capital investments might be required to remediate any problems, infringements, misappropriations or other third-party claims.

***The retail food industry in which we operate is highly competitive.***

The retail food industry in which we operate is highly competitive with respect to price and quality of food products, new product development, advertising levels and promotional initiatives, customer service, reputation, restaurant location, and attractiveness and maintenance of properties. If consumer or dietary preferences change, if our marketing efforts are unsuccessful, or if our franchisees' restaurants are unable to compete successfully with other retail food outlets in new and existing markets, our business could be adversely affected. We also face growing competition as a result of convergence in grocery, convenience, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and entrees with side dishes. Competition from delivery aggregators and other food delivery services has also increased in recent years, particularly in urbanized areas. Increased competition could have an adverse effect on our sales, profitability or development plans, which could harm our financial condition and operating results.

***Supply chain shortages or interruptions in the availability and delivery of food and other supplies may increase costs or reduce revenues.***

The food products sold by our franchisees and in our company-owned restaurants, and the raw materials used in their these restaurants, are sourced from a variety of domestic and international vendors, suppliers and distributors. We, along with our franchisees, are also dependent upon third parties to make frequent deliveries of food products and supplies that meet our specifications at competitive prices. Shortages or interruptions in the supply of food items, raw materials and other supplies to our franchisees' restaurants could adversely affect the availability, quality and cost of items we use and the operations of our franchisees' and company-owned restaurants. If such shortages result in increased cost of food items and supplies, we and our franchisees may not be able to pass along all of such increased costs to restaurant customers.

Such shortages or disruptions could be caused by inclement weather, natural disasters, increased demand, problems in production or distribution, restrictions on imports or exports, the inability of vendors to obtain credit, political instability in the countries in which suppliers and distributors are located, the financial instability of suppliers and distributors, suppliers' or distributors' failure to meet our standards, product quality issues, inflation, the price of gasoline, other factors relating to the suppliers and distributors and the countries in which they are located, food safety warnings or advisories or the prospect of such pronouncements, the cancellation of supply or distribution agreements or an inability to renew such arrangements or to find replacements on commercially reasonable terms, or other conditions beyond our control or the control of our franchisees or us. Increasing weather volatility or other long-term changes in global weather patterns, including any changes associated with global climate change, could have a significant impact on the price, availability and timing of delivery of some of our ingredients. If inflation in food ingredients or supplies persists, our financial condition and business operations could be adversely impacted.

A shortage or interruption in the availability of certain food products, raw materials or supplies could increase costs and limit the availability of products critical to our franchisees' and company-owned restaurant operations, which in turn could lead to restaurant closures and/or a decrease in sales and therefore , and a reduction in our revenues and royalty fees paid to us. In addition, failure by a key supplier or distributor to our franchisees to meet its service requirements could lead to a disruption of service or supply until a new supplier or distributor is engaged, and any disruption could have an adverse effect on our franchisees and therefore our business. See "Business—Supply Chain Assistance."

***Climate change and the shift to more sustainable business practices could negatively affect our business or damage our reputation.***

Climate change may increase the risk of severe weather or the risk that those events happen more frequently, which could cause negatively affect restaurant sales volumes in some of the markets in which we operate and may result in decreased availability or less favorable pricing for certain commodities used in our products, such as beef, chicken and dairy. In addition, climate change may increase the frequency or severity of natural disasters and other extreme weather conditions, which could disrupt our supply chain generally or otherwise impact demand for our products. Also, concern over climate change and other sustainable business practices may result in new or increased legal and regulatory requirements or generally accepted business practices, which could significantly increase our costs. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in the cost of raw materials, taxes, transportation and utilities, which could affect our results of operations and necessitate future investments in facilities and equipment. In addition, a failure to reduce our greenhouse gas emissions or adopt other sustainable business practices or the perception of a failure to act responsibly with respect to the environment or to effectively respond to regulatory requirements concerning climate change or other sustainable business practices can lead to adverse publicity, diminish the value of our brands and result in an adverse effect on our business.

***Our business may be adversely impacted by changes in consumer discretionary spending, general economic conditions, or consumer behavior.***

Purchases at our franchisees' restaurants are generally discretionary for consumers and, therefore, our results of operations are susceptible to economic slowdowns and recessions. Our results of operations are dependent upon discretionary spending by customers of our franchisees' restaurants, which may be affected by general economic conditions globally or in one or more of the markets we serve. Some of the factors that impact discretionary consumer spending include unemployment rates, fluctuations in the level of disposable income, the price of gasoline, stock market performance, changes in the level of consumer confidence, and long-term changes in consumer behavior related to social distancing behaviors resulting from COVID-19 or other widespread health events. These and other macroeconomic factors could have an adverse effect on sales at our franchisees' restaurants, which could lead to an adverse effect on our profitability or development plans and harm our financial condition and operating results.

***Our expansion into international markets exposes us to a number of risks that may differ in each country where we have franchised restaurants.***

We currently have franchised restaurants in 38 countries, including 49 states within the United States, and we plan to continue to grow internationally. Expansion in international markets may be affected by local economic and market as well as geopolitical conditions. Therefore, as we expand internationally, our franchisees may not experience the operating margins we expect, and our growth and our results of operations and growth may be materially and adversely affected. Our financial condition and results of operations may be adversely affected if global markets in which our franchised restaurants compete are affected by changes in political, economic or other factors. These factors, over which neither our franchisees nor we have control, may include such issues as (but not limited to):

- recessionary or expansive trends in international markets;
- changing labor conditions and difficulties in staffing and managing our foreign operations;
- increases in the taxes we pay and other changes in applicable tax laws;
- legal and regulatory changes, and the burdens and costs of our compliance with a variety of foreign laws;
- changes in inflation rates;
- changes in exchange rates and the imposition of restrictions on currency conversion or the transfer of funds;
- difficulty in protecting our brand, reputation and intellectual property;
- difficulty in collecting our royalties and longer payment cycles;
- expropriation of private enterprises;
- increases in anti-American sentiment and the identification of our brands as American brands;
- political and economic instability; and

- other external factors.

***We depend on key executive management.***

We depend on the leadership and experience of our relatively small number of key executive management personnel. The loss of the services of any of our executive management members could have a material adverse effect on our business and prospects, as we may not be able to find suitable individuals to replace such personnel on a timely basis or without incurring increased costs, or at all. We believe that our future success will depend on our continued ability to attract and retain highly skilled and qualified personnel. There is a high level of competition for experienced, successful personnel in our industry. Our inability to meet our executive staffing requirements in the future could impair our growth and harm our business.

***Labor shortages or difficulty finding qualified employees could slow our growth, harm our business and reduce our profitability.***

Restaurant operations are highly service oriented, and our success depends in part upon our franchisees' and our ability to attract, retain and motivate a sufficient number of qualified employees, including restaurant managers and other crew members. The market for qualified employees in our industry is very competitive. Any future inability to recruit and retain qualified individuals may delay the planned openings of new restaurants by us and our franchisees and could adversely impact our existing franchised and company owned restaurants. Any such delays, material increases in employee turnover rate or widespread employee dissatisfaction could have a material adverse effect on our and our franchisees' business and results of operations.

In addition, strikes, work slowdowns or other job actions may become more common in the United States. Although none of the employees employed by our franchisees or by us are represented by a labor union or are covered by a collective bargaining agreement, in the event of a strike, work slowdown or other labor unrest, the ability to adequately staff our restaurants could be impaired, which could result in reduced revenue and customer claims, and may distract our management from focusing on our business and strategic priorities.

***Changes in labor and other operating costs could adversely affect our results of operations.***

An increase in the costs of employee wages, benefits and insurance (including workers' compensation, general liability, property and health) at our franchised and corporate owned restaurants could arise from an increase in the federal or state minimum wage or from general economic or competitive conditions. In addition, competition for qualified employees could compel us or our franchisees to pay higher wages to attract or retain key crew members, which could result in higher labor costs and decreased profitability. As more state and local jurisdictions implement minimum wage increases, we expect that labor costs will continue to increase. For example, California recently adopted a state-wide minimum wage of \$20 per hour for employees of restaurants that are part of a national fast food chain effective April 1, 2024. The increased labor costs at certain of our franchised restaurants in California could impact their profitability and the desire to open new stores or renew their franchise agreements for existing stores and result in price increases, which could impact demand for our products or lead to operational changes. Further, the California law could prompt similar legislation in other states or localities. A material increase in labor expenses, as well as increases in general operating costs such as rent and energy, could adversely affect our franchisees' profit margins, their sales volumes and their ability to remain in business, which would adversely affect our results of operations.

**Risks Related to Government Regulation and Litigation**

***The Company faces risks related to pending government investigations.***

The government investigations mentioned below in Item 3, Legal Proceedings present certain risks. At this stage, we are not able to reasonably estimate the outcome or duration of these investigations, nor can we predict what consequences any investigation may have on us, including significant legal and accounting expenses. Moreover, there could be developments of which we are not aware, which could result in further proceedings against our Company, Mr. Wiederhorn and our other directors, officers and employees. These matters may also divert management's attention from other business concerns, or result in the loss of the services of Mr. Wiederhorn or our other directors, officers or employees, which could harm the business and could result in reputational damage. Any proceedings commenced against us or Mr. Wiederhorn by a regulatory agency could result in administrative orders, the imposition of penalties and/or fines, and the imposition of sanctions against us, Mr. Wiederhorn and other of our current or former officers, directors and employees.

These investigations, the results of the investigations or remedial actions that we have taken or may take as a result of such investigations may materially adversely affect our business, financial condition and reputation. If we are subject to adverse findings resulting from the U.S. Attorney or SEC investigations, or from our own independent investigations, we could be

required to pay damages and/or penalties or have other remedies imposed on us, and the Company or our officers, directors or employees may be subject to additional civil litigation against the Company or our officers and directors regarding such matters.

We maintain director and officer liability insurance for losses or advancement of defense costs in the event legal actions are brought against the Company's directors, officers or employees for alleged wrongful acts in their capacity as directors, officers or employees. Such insurance contains certain customary exclusions that may make it unavailable to the Company or our directors and officers in the event it is needed; and, in any case, such insurance may not be adequate to fully protect the Company against liability for the conduct of its directors, officers or employees or the Company's indemnification obligations to its directors and officers.

***We are a party to stockholder litigation which could negatively impact our business, operating results and financial condition.***

We may incur additional costs in connection with the defense or settlement of existing and any future stockholder litigation, including the stockholder litigation that has been brought against us and certain of our directors. See "Part I, Item 3. Legal Proceedings" below. Subject to certain limitations, we are obligated to indemnify our directors in connection with the litigation and any related litigation or settlement amounts, which may be time-consuming, result in significant expense and divert the attention and resources of our management away from our operating business matters. An unfavorable financial outcome that exceeds coverage provided under our insurance policies, could have an adverse effect on our financial condition and results of operations and could harm our reputation.

***We could be party to litigation that could adversely affect us by increasing our expenses, diverting management attention or subjecting us to significant monetary damages and other remedies.***

We may become involved in legal proceedings involving consumer, employment, real estate related, tort, intellectual property, breach of contract, securities, derivative and other litigation. Plaintiffs in these types of lawsuits often seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may not be accurately estimated. Regardless of whether any such claims have merit, or whether we are ultimately held liable or settle, such litigation may be expensive to defend and may divert resources and management attention away from our operations and negatively impact reported earnings. With respect to insured claims, a judgment for monetary damages in excess of any insurance coverage could adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations may also adversely affect our reputation, which in turn could adversely affect our results of operations.

***Our subsidiary Fog Cutter Acquisition, LLC is a party to environmental litigation which could result in significant legal expenses whether or not it is resolved favorably.***

As described in this Annual Report under "Item 3. Legal Proceedings", our subsidiary Fog Cutter Capital Group Inc. (now known as Fog Cutter Acquisition, LLC), is a party to litigation entitled *Stratford Holding LLC v. Foot Locker Retail Inc.* for alleged environmental contamination stemming from dry cleaning operations on a property which was included in a lease portfolio managed by a former subsidiary of Fog Cutter. The property owners seek damages in the range of \$12 million to \$22 million in the aggregate from all defendants. The Company is unable to predict the ultimate outcome of this matter, and reserves have been recorded on the balance sheet relating to this litigation. There can be no assurance that Fog Cutter Acquisition, LLC will be successful in defending against this action, and an unfavorable outcome in excess of the reserves could have a material adverse effect on our financial condition and results of operations.

***Changes in, or noncompliance with, governmental regulations may adversely affect our business operations, growth prospects or financial condition.***

We and our franchisees are subject to numerous laws and regulations around the world. These laws change regularly and are increasingly complex. For example, we and our franchisees are subject to laws and regulations such as (but not limited to):

- Government orders regarding the response to health and other public safety concerns such as the various restrictions on business operations relating to the COVID-19 pandemic being experienced in 2020;
- The Americans with Disabilities Act in the U.S. and similar state laws that give civil rights protections to individuals with disabilities in the context of employment, public accommodations and other areas;

- The U.S. Fair Labor Standards Act, which governs matters such as minimum wages, overtime and other working conditions, as well as family leave mandates and a variety of similar state laws that govern these and other employment law matters;
- Laws and regulations in government mandated health care benefits such as the Patient Protection and Affordable Care Act;
- Laws and regulations relating to nutritional content, nutritional labeling, product safety, product marketing and menu labeling;
- Laws relating to state and local licensing;
- Laws relating to the relationship between franchisors and franchisees;
- Laws and regulations relating to health, sanitation, food, workplace safety, child labor, including laws prohibiting the use of certain "hazardous equipment" by employees younger than the age of 18 years of age, and fire safety and prevention;
- Laws and regulations relating to union organizing rights and activities;
- Laws relating to information security, privacy, cashless payments, and consumer protection;
- Laws relating to currency conversion or exchange;
- Laws relating to international trade and sanctions;
- Tax laws and regulations;
- Antibribery and anticorruption laws;
- Environmental laws and regulations; and
- Federal and state immigration laws and regulations in the U.S.

Compliance with new or existing laws and regulations could impact our operations. The compliance costs associated with these laws and regulations could be substantial. Any failure or alleged failure to comply with these laws or regulations by our franchisees or indirectly by us could adversely affect our reputation, international expansion efforts, growth prospects and financial results or result in, among other things, litigation, revocation of required licenses, internal investigations, governmental investigations or proceedings, administrative enforcement actions, fines and civil and criminal liability. Publicity relating to any such noncompliance could also harm our reputation and adversely affect our revenues.

In January 2022, the California State Assembly passed Assembly Bill (AB) No. 257, the Fast Food Accountability and Standards Recovery Act (FAST Recovery Act), and Governor Gavin Newsom signed the bill into law on September 5, 2022. The FAST Recovery Act provides increased rights to the state's fast-food workers. The FAST Recovery Act is poised to create the Fast Food Sector Council within the California Department of Industrial Relations (DIR). Under the law, the Fast Food Sector Council will establish specific new minimum standards on wages, maximum working hours, and working conditions related to the health, safety, and welfare of fast-food restaurant workers at restaurants with at least 100 establishments nationwide. The FAST Recovery Act will also, among other things, institute statutory requirements aimed at expanding fast-food franchisors' liability for certain acts of its franchisees. In January 2023, the implementation of the FAST Recovery Act was enjoined by a court pending the results of a statewide effort to overturn the FAST Recovery Act through a referendum on the California ballot in November 2024. If and when the referendum challenging AB 257 qualifies for the ballot, the law will be put on hold until the vote in November 2024. If and when it is sustained and implemented in its current form, the FAST Recovery Act is likely to increase our franchisees' labor and compliance costs and decrease profitability at our California restaurants.

***A broader standard for determining joint employer status recently adopted by the NLRB may adversely affect our business operations and increase our liabilities resulting from actions by our franchisees.***

In October 2023, the National Labor Relations Board ("NLRB") issued a final rule adopting a new and broader standard for determining when two or more otherwise unrelated employers may be found to be a joint employer of the same employees under the National Labor Relations Act. Under the new standard, an entity, such as a franchisor, may be considered a joint employer of another entity's employees if they share or codetermine one or more of the employees' essential terms and



conditions of employment, as defined in the new rule. The new standard considers the authority to control essential terms and conditions of employment, whether or not such control is exercised, and without regard to whether any such exercise of control is direct or indirect.

The final rule was scheduled to become effective on February 26, 2024, but was recently vacated by a federal district court in Texas. The court's decision to vacate the rule may be appealed and the original rule could be restored by an appellate court. If the original rule is restored on appeal or a similar rule is adopted in the future by the NLRB, the joint employer standard could cause us to be considered a joint employer of our franchisees' employees, which could cause us to be held liable or responsible for unfair labor practices, violations of wage and hour laws, and other violations by our franchisees, and require us to conduct collective bargaining negotiations regarding employees of our franchisees. The joint employer standard could also make it easier to organize our franchisees' staff into labor unions, and provide the staff and their union representatives with bargaining power to request that our franchisees raise wages. The effects of these changes could require us to modify our business practices, and could result in increased litigation, governmental investigations or proceedings, administrative enforcement actions, fines and civil penalties.

***Failure to comply with antibribery or anticorruption laws could adversely affect our business operations.***

The U.S. Foreign Corrupt Practices Act and other similar applicable laws prohibiting bribery of government officials and other corrupt practices are the subject of increasing emphasis and enforcement around the world. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, agents, franchisees or other third parties will not take actions in violation of our policies or applicable law, particularly as we expand our operations in emerging markets and elsewhere. Any such violations or suspected violations could subject us to civil or criminal penalties, including substantial fines and significant investigation costs, and could also materially damage our reputation, brands, international expansion efforts and growth prospects, business and operating results. Publicity relating to any noncompliance or alleged noncompliance could also harm our reputation and adversely affect our revenues and results of operations.

**Risks Related to Our Class A Common Stock and Organizational Structure**

***We are controlled by Fog Cutter Holdings LLC, whose interests may differ from those of our public stockholders.***

Fog Cutter Holdings LLC controls approximately 55.5% of the voting power of our Common Stock and has significant influence over our corporate management and affairs and is able to control virtually all matters requiring stockholder approval, including election of directors and significant corporate transactions. Since a majority of the outstanding voting power of our capital stock is held by one entity, we are considered a "controlled company" under the corporate governance rules of The Nasdaq Stock Market LLC. Under these rules, we are not required to have a majority of our Board of Directors be independent, nor are we required to have a compensation committee or independent nominating function. It is possible that the interests of Fog Cutter Holdings LLC may, in some circumstances, conflict with our interests and the interests of our other stockholders.

***The dual class structure of our Common Stock concentrates voting control with current holders of Class B Common Stock, and limits the ability of holders of our Class A Common Stock to influence corporate matters.***

Our Class B Common Stock has 2,000 votes per share, and our Class A Common Stock has one vote per share. The holders of Class B Common Stock collectively will likely be able to control all matters submitted to our stockholders for approval even if additional shares of Class A Common Stock are issued. This concentrated control will limit the ability of holders of our Class A Common Stock to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A Common Stock could be adversely affected.

***Our anti-takeover provisions could prevent or delay a change in control of our company, even if such change in control would be beneficial to our stockholders.***

Provisions of our amended and restated certificate of incorporation and bylaws as well as provisions of Delaware law could discourage, delay or prevent a merger, acquisition or other change in control of our company, even if such change in control would be beneficial to our stockholders. These provisions include:

- dual class structure of our Common Stock, which concentrates voting control with the current holders of Class B Common Stock;
- net operating loss protective provisions, which require that any person wishing to become a "5% shareholder" (as defined in our certificate of incorporation) must first obtain a waiver from our Board of Directors, and any person



that is already a “5% shareholder” of ours cannot make any additional purchases of our stock without a waiver from our board of directors;

- authorizing the issuance of “blank check” preferred stock that could be issued by our Board of Directors to increase the number of outstanding shares and thwart a takeover attempt;
- limiting the ability of stockholders to call special meetings or amend our bylaws;
- requiring all stockholder actions to be taken at a meeting of our stockholders; and
- establishing advance notice and duration of ownership requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These provisions could also discourage proxy contests and make it more difficult for minority stockholders to elect directors of their choosing and cause us to take other corporate actions they desire. In addition, because our Board of Directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team.

In addition, the Delaware General Corporation Law, or the DGCL, to which we are subject, prohibits us, except under specified circumstances, from engaging in any mergers, significant sales of stock or assets or business combinations with any stockholder or group of stockholders who owns at least 15% of our common stock.

***We may continue to issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Common Stock, which could depress the price of our Common Stock.***

Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our board of directors has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. We may authorize or issue shares of preferred stock with voting, liquidation, dividend and other rights superior to the rights of our Common Stock. To date we have authorized and outstanding shares of Series B Preferred Stock, which have liquidation and dividend rights superior to the rights of our Common Stock. The potential issuance of preferred stock may also delay or prevent a change in control of us, discourage bids for our Common Stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Common Stock.

***The provision of our certificate of incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.***

Our amended and restated certificate of incorporation requires, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or the bylaws or (iv) any action asserting a claim against us governed by the internal affairs doctrine will have to be brought only in the Court of Chancery in the State of Delaware. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

***If our operating and financial performance in any given period does not meet the guidance that we provide to the public, our stock price may decline.***

We may provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward-looking statements subject to the risks and uncertainties described in our public filings and public statements. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. If our operating or financial results for a particular period do not meet any guidance we provide or the expectations of investment analysts or if we reduce our guidance for future periods, the market price of our Class A Common Stock or Class B Common Stock may decline as well.

***Our ability to pay regular dividends to our stockholders is subject to the discretion of our Board of Directors and may be limited by our holding company structure and applicable provisions of Delaware law.***

While we have paid cash or stock dividends to holders of our Common Stock in each fiscal year since 2018 and our Series B Preferred Stock since it was first issued, our board of directors may, in its sole discretion, decrease the amount or frequency of cash or stock dividends or discontinue the payment of dividends entirely. In addition, as a holding company, we will be dependent upon the ability of our operating subsidiaries to generate earnings and positive cash flows and distribute them to us so that we may pay cash dividends to our stockholders. Our ability to pay cash dividends will be subject to our consolidated operating results, cash assets and requirements and financial condition, the applicable provisions of Delaware law which may limit the amount of funds available for distribution to our stockholders, our compliance with covenants and financial ratios related to existing or future indebtedness, and our other agreements with third parties. In addition, each of the companies in the corporate chain must manage its assets, liabilities and working capital in order to meet all of its cash obligations, including the payment of dividends or distributions.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 1C. CYBERSECURITY**

**Cybersecurity Risk Management and Strategy**

Our business is substantially dependent upon our computer systems, devices and networks to collect, process and store the data necessary to conduct most aspects of our business. We have developed and maintain a cybersecurity program, which includes people, processes, and technology aimed at defending our computer systems, devices and networks against increasingly sophisticated threats.

We recognize the importance of protecting both our information and operations from threats that could disrupt our business, put our assets at risk or compromise our customer and employee data. Our cybersecurity program is implemented and maintained using information security tools, policies and a dedicated team responsible for monitoring our networks, providing training to our employees, analyzing the evolution of new threats and strategies for mitigating such threats and seeking to continually harden our cybersecurity posture. The program is periodically exercised, reviewed, updated, and vetted through third-party audits, assessments, and tests with the goal of validating its effectiveness in reducing risk, as well as evaluating its compliance with legal and regulatory requirements. We assess, identify and manage our material risks from cybersecurity threats by employing the following:

- Identification of critical systems – we seek to identify which operational or information technology, if compromised or exploited, would result in operational disruption or data compromise. We aim to protect the entire environment at an enterprise level where practical, combined with additional layered, risk-based controls designed to safeguard against cybersecurity threats. This strategic, defense-in-depth, and risk-based approach to cybersecurity provides a methodology designed to identify, protect, detect, respond, and recover from cybersecurity incidents.
- Network segmentation – we use a combination of firewalls and routers to provide network segmentation seeking to provide us with network zone protection.
- Access controls – we leverage several security capabilities to attempt to enforce access, authorization and authentication to relevant systems, technology, and controls. A least-privilege methodology is applied for localized client workstations, servers, and applications. Security capabilities for access control include physical, administrative, and technical controls that combine to provide a defense-in-depth approach designed to protect our cyber assets from unauthorized use.
- Continuous monitoring, detection, and auditing – we employ various technologies, tactics, and procedures aimed to continuously monitor, baseline, and detect threats, and audit our network and systems. In addition, we use a combination of technology tools with outside managed security service providers designed to capture, analyze and respond to security anomalies.
- Patch management – we use a network vulnerability scanning tool that continually scans, and reports identified vulnerabilities in servers and workstations in certain networks. Vulnerability scanner reports are used to drive patching and remediation efforts and are also used as a tool to evaluate the effectiveness of efforts to seek to ensure patches are applied timely. Application and infrastructure subject matter experts subscribe to various third-party vendor security

notifications to receive proactive notifications on, among other things, bugs, security flaws and mitigations, related to operational and information systems.

The above cybersecurity risk management processes are integrated into our overall risk management program. Cybersecurity threats are understood to be wide reaching and to intersect with various other enterprise risks. In addition to assessing our own cybersecurity preparedness, we also consider cybersecurity risks associated with our use of third-party service providers based on the potential impact of a disruption of the services to our operations and the sensitivity of data shared with the service providers.

We regularly engage independent third parties to periodically assess our cybersecurity posture. These assessments include penetration tests, purple team activities, health checks and point-specific technical cybersecurity assessments of key systems. Some of these assessments are performed with internal audit oversight and tested in regular intervals.

#### **Impact of Risks from Cybersecurity Threats**

As of the date of this Annual Report, we are not aware of any previous cybersecurity threats, including as a result of previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us. We acknowledge that cybersecurity threats are continually evolving, and the possibility of future cybersecurity incidents remains. Despite the implementation of our cybersecurity processes, our security measures cannot guarantee that a significant cybersecurity attack will not occur. While we devote resources to our security measures designed to protect our systems and information, no security measure is infallible. See Item 1A. Risk Factors for additional information about the risks to our business associated with a breach or other compromise to our information and operational technology systems.

#### **Cybersecurity Governance**

Our Board of Directors oversees the execution of our cybersecurity strategy and the assessment of cybersecurity risks, along with the actions that we take seeking to mitigate and address those cybersecurity risks. Our Chief Information Officer (CIO) oversees our cybersecurity activities and leads our team of cybersecurity professionals responsible for our cybersecurity program and is informed about and monitors the prevention, detection, mitigation and remediation of cybersecurity incidents as part of our cybersecurity programs. Our CIO and other cybersecurity professionals provide periodic updates regarding cybersecurity risks to our Cyber Incident Response Steering Committee and Board of Directors.

## **ITEM 2. PROPERTIES**

Our corporate headquarters, including our principal administrative, sales and marketing, customer support, and research and development operations, are located in Beverly Hills, California, comprising approximately 15,000 square feet of space, pursuant to a lease that expires on September 29, 2025.

Our subsidiary, GFG Management, LLC, leases an approximately 16,000 square foot warehouse location in Atlanta, GA under a lease expiring on May 31, 2029.

Our subsidiary, GAC Supply, LLC, owns and operates an approximately 40,000 square foot manufacturing and production facility in Atlanta, Georgia and the underlying real property, which supplies our franchisees with cookie dough, pretzel dry mix and other ancillary products.

Our subsidiary, Twin Restaurant Holding, LLC, leases offices in Dallas, TX comprising approximately 8,300 square feet under a lease expiring on April 30, 2025.

Our subsidiary, Fazoli's Holdings, LLC, leases offices located in Lexington, KY comprising approximately 19,200 square feet under a lease expiring on April 30, 2027.

Our subsidiary, Native Grill & Wings Franchising, LLC, leases offices located in Chandler, AZ comprising 5,825 square feet under a lease expiring on October 31, 2024. Such offices have been sub-leased for the duration of the remaining lease term.

In addition to the above locations, certain of our subsidiaries directly own and operate restaurant locations, substantially all of which are located in leased premises. As of December 31, 2023, we owned and operated 190 restaurant locations. The leases have remaining terms ranging from 1 month to 26.8 years.

We believe that our existing facilities are in good operating condition and adequate to meet our current and foreseeable needs. Additional information related to our operating leases are disclosed in Note 9.

### ITEM 3. LEGAL PROCEEDINGS

***James Harris and Adam Vignola, derivatively on behalf of FAT Brands, Inc. v. Squire Junger, James Neuhauser, Edward Rensi, Andrew Wiederhorn, Fog Cutter Holdings, LLC and Fog Cutter Capital Group, Inc., and FAT Brands Inc., nominal defendant (Delaware Chancery Court, Case No. 2021-0511)***

On June 10, 2021, plaintiffs James Harris and Adam Vignola ("Plaintiffs"), putative stockholders of the Company, filed a shareholder derivative action in the Delaware Court of Chancery nominally on behalf of the Company against the Company's current and former directors (Squire Junger, James Neuhauser, Edward Rensi and Andrew Wiederhorn (the "Individual Defendants")), and the Company's majority stockholders, Fog Cutter Holdings, LLC and Fog Cutter Capital Group, Inc. (collectively with the Individual Defendants, "Defendants"). Plaintiffs assert claims of breach of fiduciary duty, unjust enrichment and waste of corporate assets arising out of the Company's December 2020 merger with Fog Cutter Capital Group, Inc. Defendants filed a motion to dismiss Plaintiffs' complaint, which the Court denied in an oral ruling on February 11, 2022 and subsequent written order on May 25, 2022. On April 7, 2022, the Court entered a Scheduling Order setting forth the key dates and deadlines that would govern the litigation, including a discovery cutoff of March 24, 2023 and trial date of February 5-9, 2024. To date, the parties have engaged in substantial written discovery, though no depositions have been taken. On February 3, 2023, the Company's board of directors appointed a Special Litigation Committee ("SLC"), which retained independent counsel and moved for a six-month stay of the action pending resolution of the SLC's investigation, which the Court granted on February 17, 2023. On April 5, 2023, the Court granted Plaintiffs' motion to lift the stay of the proceedings, and entered a Second Amended Pre-Trial Scheduling Order resetting key dates and deadlines, including a fact discovery cutoff of August 4, 2023, and a trial date to be set sometime after May 10, 2024. On May 4, 2023, a new SLC was appointed, and on May 8, 2023, the new SLC moved for a six-month stay of the action pending resolution of its investigation. Two days later, on May 10, 2023, the United States of America moved for a partial stay of discovery pending its own investigation. On May 31, 2023, the Court granted the United States of America's Motion, except that it granted a six-month stay of all proceedings in the action, and on that basis deemed the SLC's motion to be moot. On December 4, 2023, the stay of all proceedings was extended through March 3, 2024, and on March 1, 2024, the stay of all proceedings was extended to June 3, 2024. Defendants dispute the allegations of the lawsuit and intend to vigorously defend against the claims. We cannot predict the outcome of this lawsuit. This lawsuit does not assert any claims against the Company. However, subject to certain limitations, we are obligated to indemnify our directors in connection with defense costs for the lawsuit and any related litigation, which may exceed coverage provided under our insurance policies, and thus could have an adverse effect on our financial condition. The lawsuit and any related litigation also may be time-consuming and divert the attention and resources of our management.

***James Harris and Adam Vignola, derivatively on behalf of FAT Brands, Inc. v. Squire Junger, James Neuhauser, Edward Rensi, Andrew Wiederhorn and Fog Cutter Holdings, LLC, and FAT Brands Inc., nominal defendant (Delaware Chancery Court, Case No. 2022-0254)***

On March 17, 2022, plaintiffs James Harris and Adam Vignola ("Plaintiffs"), putative stockholders of the Company, filed a shareholder derivative action in the Delaware Court of Chancery nominally on behalf of the Company against the Company's current and former directors (Squire Junger, James Neuhauser, Edward Rensi and Andrew Wiederhorn (the "Individual Defendants")), and the Company's majority stockholder, Fog Cutter Holdings, LLC (collectively with the Individual Defendants, "Defendants"). Plaintiffs assert claims of breach of fiduciary duty in connection with the Company's June 2021 recapitalization transaction. On May 27, 2022, Defendants filed a motion to dismiss Plaintiff's complaint (the "Motion"). Argument on the Motion was heard on November 17, 2022, and again on February 23, 2023, and the Court took its decision under advisement. The Court denied the motion on April 5, 2023. On May 2, 2023, the Court entered a pre-trial scheduling order setting key dates and deadlines that will govern the litigation, including a fact discovery cutoff of February 2, 2024, and a trial date to be set sometime after October 15, 2024. On July 21, 2023, the Company's board of directors appointed a Special Litigation Committee ("SLC"), which retained independent counsel and moved for a six-month stay of the action pending resolution of the SLC's investigation. On August 10, 2023, the parties filed a stipulation to stay the case for six months, conditioned upon Defendants continuing to review the documents in response to Plaintiffs' First Requests for Production and to produce non-privileged responsive documents to the SLC and to Plaintiffs no later than December 1, 2023. The Court granted the stipulation the same day. In accordance with the stipulation, Defendants produced documents to the SLC and Plaintiffs by the December 1, 2023 deadline. On February 7, 2024, the SLC requested, and the Court granted, an extension of the stay of all proceedings through May 6, 2024, granting the SLC an additional 90 days to complete its investigation. Defendants dispute the allegations of the lawsuit and intend to vigorously defend against the claims. As this matter is still in the early stages, we cannot predict the outcome of this lawsuit. This lawsuit does not assert any claims against the Company. However, subject to certain limitations, we are obligated to indemnify our directors in connection with defense costs for the lawsuit and any related litigation, which may exceed coverage provided under our insurance policies, and thus could have an adverse effect on our financial condition. The lawsuit and any related litigation also may be time-consuming and divert the attention and resources of our management.

## **Government Investigations**

In December 2021, the U.S. Attorney's Office for the Central District of California (the "U.S. Attorney") and the U.S. Securities and Exchange Commission (the "SEC") informed the Company that they had opened investigations relating to the Company and our former Chief Executive Officer, Andrew Wiederhorn, and were formally seeking documents and materials concerning, among other things, the Company's December 2020 merger with Fog Cutter Capital Group Inc., transactions between those entities and Mr. Wiederhorn, as well as compensation, extensions of credit and other benefits or payments received by Mr. Wiederhorn or his family from those entities prior to the merger. From August 23, 2022 until March 28, 2023, our Board of Directors maintained a Special Review Committee comprised of directors other than Mr. Wiederhorn to oversee a review of the issues raised by the U.S. Attorney and SEC investigations. The Company intends to cooperate with the U.S. Attorney and the SEC regarding these matters and is continuing to actively respond to inquiries and requests from the U.S. Attorney and the SEC. At this stage, we are not able to reasonably estimate or predict the outcome or duration of either of the U.S. Attorney's or the SEC's investigations.

On February 15, 2024, the Company, Andrew Wiederhorn and one current and one former officer of the Company each received a "Wells Notice" from the Staff of the SEC. The Wells Notice issued to the Company alleges violations of Securities Act Section 17(a)(2), and Exchange Act Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), 13(k), and 14(a) and Rules 10b-5(b), 12b-20, 13a-1, 13a-13, 14a-3, and 14a-9 thereunder, relating solely to conduct occurring during or prior to fiscal year 2020. A Wells Notice is neither a formal charge of wrongdoing nor a determination that the recipient has violated any law. The Company is continuing its efforts to cooperate with the SEC and maintains that its actions were appropriate, and intends to pursue the Wells Notice process, including submitting a formal response to the SEC.

### ***Stratford Holding LLC v. Foot Locker Retail Inc. (U.S. District Court for the Western District of Oklahoma, Case No. 5:12-cv-772-HE)***

In 2012 and 2013, two property owners in Oklahoma City, Oklahoma sued numerous parties, including Foot Locker Retail Inc. and our subsidiary Fog Cutter Capital Group Inc. (now known as Fog Cutter Acquisition, LLC), for alleged environmental contamination on their properties, stemming from dry cleaning operations on one of the properties. The property owners seek damages in the range of \$12.0 million to \$22.0 million. From 2002 to 2008, a former Fog Cutter subsidiary managed a lease portfolio, which included the subject property. Fog Cutter denies any liability, although it did not timely respond to one of the property owners' complaints and several of the defendants' cross-complaints and thus is in default. The parties are currently conducting discovery. The court has vacated the current trial date and has not yet reset the trial date. The Company is unable to predict the ultimate outcome of this matter, however, reserves have been recorded on the balance sheet of FAT Brands relating to this litigation. There can be no assurance that the defendants will be successful in defending against these actions.

### ***SBN FCCG LLC v FCCGI (Los Angeles Superior Court, Case No. BS172606)***

SBN FCCG LLC ("SBN") filed a complaint against Fog Cutter Capital Group, Inc. ("FCCG") in New York state court for an indemnification claim (the "NY case") stemming from an earlier lawsuit in Georgia regarding a certain lease portfolio formerly managed by a former FCCG subsidiary. In February 2018, SBN obtained a final judgment in the NY case for a total of \$0.7 million, which included \$0.2 million in interest dating back to March 2012. SBN then obtained a sister state judgment in Los Angeles Superior Court, Case No. BS172606 (the "California case"), which included the \$0.7 million judgment from the NY case, plus additional statutory interest and fees, for a total judgment of \$0.7 million. In May 2018, SBN filed a cost memo, requesting an additional \$12,411 in interest to be added to the judgment in the California case, for a total of \$0.7 million. In May 2019, the parties agreed to settle the matter for \$0.6 million, which required the immediate payment of \$0.1 million, and the balance to be paid in August 2019. FCCG wired \$0.1 million to SBN in May 2019, but has not yet paid the remaining balance of \$0.5 million. The parties have not entered into a formal settlement agreement, and they have not yet discussed the terms for the payment of the remaining balance.

### ***SBN FCCG LLC v FCCGI (Supreme Court of the State of New York, County of New York, Index No. 650197/2023)***

On January 13, 2023, SBN filed another complaint against FCCG in New York state court for an indemnification claim stemming from a lawsuit in Oklahoma City regarding the same lease portfolio formerly managed by Fog Cap (the "OKC Litigation"), and a bankruptcy proceeding involving Fog Cap (the "Bankruptcy Proceeding"). SBN alleges that under a February 2008 stock purchase agreement, Fog Cutter is required to indemnify SBN and its affiliates. According to the complaint, SBN has, at the time of filing the complaint, incurred costs subject to indemnification of approximately \$12 million. On March 11, 2024, the court issued an order granting FCCG's motion to dismiss SBN's complaint without prejudice to refile

the complaint, if at all, once the underlying proceedings (the OKC Litigation and the Bankruptcy Proceeding) were complete. We are unable at this time to express any opinion as to the eventual outcome of this matter or the possible range of loss, if any.

The Company is involved in other claims and legal proceedings from time-to-time that arise in the ordinary course of business, including those involving the Company's franchisees. The Company does not believe that the ultimate resolution of these actions will have a material adverse effect on its business, financial condition, results of operations, liquidity or capital resources. As of December 31, 2023, the Company had accrued an aggregate of \$5.1 million for the specific matters mentioned above and claims and legal proceedings involving franchisees as of that date.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**Market Information

Our Class A Common Stock, par value \$0.0001 per share, is traded on the NASDAQ Capital Market under the ticker symbols "FAT" and our Class B Common Stock, par value \$0.0001 per share, is traded on the NASDAQ Capital Market under the ticker symbol "FATBB."

Holders of Our Common Stock

As of March 5, 2024, there were approximately 41 stockholders of record of our Class A Common Stock and approximately 37 stockholders of record of our Class B Common Stock. The number of record holders does not include persons who held such shares in nominee or "street name" accounts through brokers.

Dividend Policy

The declaration and payment of future dividends, as well as the amount thereof, are subject to the discretion of our Board of Directors. The amount and size of any future dividends will depend upon our future results of operations, financial condition, capital levels, cash requirements and other factors. There can be no assurance that we will declare and pay dividends in future periods.

Equity Compensation Plan Information

We maintain a comprehensive incentive compensation plan under which the Company can grant equity-based and other incentive awards to officers, employees and directors of, and consultants and advisers to, FAT Brands Inc. and its subsidiaries. The purpose of the Plan is to help attract, motivate and retain qualified personnel and thereby enhance stockholder value. Awards which lapse or are forfeited become available again for grant. See Note 14 in our consolidated financial statements for more details on our share-based compensation.

The following table sets forth information as of December 31, 2023, with respect to compensation plans under which equity securities that we have authorized for issuance:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	3,938,610	\$ 7.68	2,084,828
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>3,938,610</b>	<b>\$ 7.68</b>	<b>2,084,828</b>

Issuer Purchases of Equity Securities

We do not have a program in place to repurchase our own Common Stock or Preferred Stock and as of December 31, 2023, we have not repurchased any of these securities except for the cancellation of shares issued under the Plan, and as set forth in the following paragraph.

On October 21, 2022, the Company entered into an Exchange Agreement with the sellers of Twin Peaks and redeemed 1,821,831 shares of the Company's 8.25% Series B Cumulative Preferred Stock at a price of \$23.69 per share, plus accrued and unpaid dividends to the date of redemption, in exchange for \$46.5 million aggregate principal amount of secured debt (\$43.2 million net of original issue discount). Prior to the redemption, the Twin Peaks sellers held 2,847,393 shares of Series B Cumulative Preferred Stock, which shares were issued to it on October 1, 2021 as partial consideration for the Company's acquisition of the Twin Peaks restaurant chain.

Recent Sales of Unregistered Securities

During the fiscal year ended December 25, 2022, we issued 4,761 shares of Class A Common Stock in a transaction that was not registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act and Rule 506 thereunder, and in reliance on similar exemptions under applicable state securities laws. Such shares were issued to a director who elected to receive cash compensation in the form of Class A Common Stock at market value at the time the election was made at a weighted average price per share of \$6.30.

**ITEM 6. [RESERVED].**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Executive Overview**

Business overview

FAT Brands Inc. is a leading multi-brand restaurant franchising company that develops, markets, and acquires primarily quick-service, fast casual, casual dining and polished casual restaurant concepts around the world. As of December 31, 2023, the Company owned eighteen restaurant brands: Round Table Pizza, Fatburger, Marble Slab Creamery, Johnny Rockets, Fazoli's, Twin Peaks, Smokey Bones, Great American Cookies, Hot Dog on a Stick, Buffalo's Cafe & Express, Hurricane Grill & Wings, Pretzelmaker, Elevation Burger, Native Grill & Wings, Yalla Mediterranean and Ponderosa and Bonanza Steakhouses. At December 31, 2023, the Company had approximately 2,300 locations open or under construction, of which approximately 92% were franchised.

Under our franchised business model, we generate revenue by charging franchisees an initial franchise fee as well as ongoing royalties. This asset light franchisor model provides the opportunity for strong profit margins and an attractive free cash flow profile while minimizing restaurant operating company risk, such as long-term real estate commitments or capital investments. Our scalable management platform enables us to add new stores and restaurant concepts to our portfolio with minimal incremental corporate overhead cost, while taking advantage of significant corporate overhead synergies. The acquisition of additional brands and restaurant concepts as well as expansion of our existing brands are key elements of our growth strategy.

Our revenues are derived primarily from two sales channels, franchised restaurants and company owned restaurants, which we operate as one segment. The primary sources of revenues are the sale of food and beverages at our company restaurants and the collection of royalties, franchise fees and advertising revenue from sales of food and beverages at our franchised restaurants.

**Results of Operations**

We operate on a 52-week or 53-week fiscal year ending on the last Sunday of the calendar year. In a 52-week fiscal year, each quarter contains 13 weeks of operations. In a 53-week fiscal year, each of the first, second and third quarters includes 13 weeks of operations and the fourth quarter includes 14 weeks of operations, which may cause our revenue, expenses and other results of operations to be higher due to an additional week of operations. The 2023 fiscal year is a 53-week year. The 2022 fiscal year was a 52-week year.



Results of Operations of FAT Brands Inc.

The following table summarizes key components of our consolidated results of operations for the fiscal years ended December 31, 2023 and December 25, 2022.

(In Thousands)  
For the Fiscal Years Ended

	December 31, 2023	December 25, 2022
<b>Consolidated statement of operations data:</b>		
<b>Revenues</b>		
Royalties	\$ 94,036	\$ 87,921
Restaurant sales	299,029	241,001
Advertising fees	39,490	37,997
Factory revenue	37,983	33,504
Franchise fees	4,979	3,706
Other revenue	4,940	3,095
Total revenues	480,457	407,224
<b>Costs and expenses</b>		
General and administrative expense	93,117	113,313
Cost of restaurant and factory revenues	282,887	221,627
Depreciation and amortization	31,131	27,015
Impairment of goodwill and other intangible assets	500	14,000
Refranchising loss	2,873	4,178
Acquisition fees	—	383
Advertising expense	47,619	44,612
Total costs and expenses	458,127	425,128
Income (loss) from operations	22,330	(17,904)
Total other expense, net	(118,695)	(89,474)
Loss before income tax provision	(96,365)	(107,378)
Income tax provision	(6,255)	18,810
Net loss	\$ (90,110)	\$ (126,188)

Net loss for the fiscal year ended December 31, 2023, totaled \$90.1 million consisting of revenues of \$480.5 million less costs and expenses of \$458.1 million, other expense of \$118.7 million, and income tax provision of \$6.3 million. Net loss for the fiscal year ended December 25, 2022, totaled \$126.2 million consisting of revenues of \$407.2 million less costs and expenses of \$425.1 million, other expense of \$89.5 million plus an income tax provision of \$18.8 million.

Revenues consist of royalties, franchise fees, advertising fees, restaurant sales, factory revenues, and other revenue. We earned revenues of \$480.5 million for the fiscal year ended December 31, 2023 compared to \$407.2 million for the fiscal year ended December 25, 2022. The increase of \$73.2 million reflects revenue from the system-wide sales growth, new restaurant openings and the acquisition of Smokey Bones in September 2023.

Costs and expenses consist of general and administrative expense, cost of restaurant and factory revenues, impairment of goodwill and other intangible assets, depreciation and amortization, refranchising losses, acquisition fees and advertising

expense. Our costs and expenses increased from \$425.1 million in the 2022 fiscal year to \$458.1 million in the comparable period of 2023, primarily due to the acquisition of Smokey Bones in September 2023, increased activity from Company-owned restaurants and the Company's factory as well as professional fees related to certain litigation matters, partially offset by the recognition of Employee Retention Credits.

General and administrative expenses decreased \$20.2 million for the fiscal year ended December 31, 2023, compared to the prior year, primarily due to the recognition of \$16.9 million in Employee Retention Credits during 2023, partially offset by professional fees related to certain litigation matters.

Cost of restaurant and factory revenues was related to the operations of the company-owned restaurant locations and dough factory and increased \$61.3 million, or 27.6%, to \$282.9 million in fiscal 2023 compared to fiscal 2022, primarily due to the acquisition of Smokey Bones in September 2023 and higher company-owned restaurant and factory sales.

Depreciation and amortization increased \$4.1 million in fiscal year 2023 compared to fiscal year 2022, primarily due to the acquisition of Smokey Bones in September 2023 and depreciation of new property and equipment at company-owned restaurant locations.

We recorded non-cash impairment charges for goodwill and other intangible assets of \$0.5 million and \$14.0 million during the fiscal years ended December 31, 2023 and December 25, 2022, respectively.

Refranchising net loss for the fiscal year ended December 31, 2023, was comprised of restaurant operating costs, net of food sales, of \$3.0 million, partially offset by \$0.1 million in net gains related to the sale or closure of refranchised restaurants. Refranchising net loss for the fiscal year ended December 25, 2022, was comprised of restaurant operating costs, net of food sales, of \$4.2 million.

Advertising expense increased \$3.0 million for the fiscal year ended December 31, 2023, compared to the prior year. These expenses vary in relation to advertising revenues.

Total other expense, net for the fiscal year ended December 31, 2023 was \$118.7 million and consisted primarily of net interest expense of \$117.5 million and net losses on extinguishment of debt in the amount of \$2.4 million. Total other expense, net for the fiscal year ended December 25, 2022 was \$89.5 million and consisted primarily of net interest expense of \$94.8 million. This increase is primarily due to new debt offerings which occurred in the second half of fiscal year 2022 and first three quarters of 2023.

We recorded an income tax provision of \$6.3 million for the year ended December 31, 2023, compared to an income tax provision of \$18.8 million for the fiscal year ended December 25, 2022. These tax results were based on a net loss before taxes of \$96.4 million for fiscal year 2023 and \$107.4 million for fiscal year 2022.

#### **Liquidity and Capital Resources**

Liquidity is a measurement of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund business operations, acquisitions, and expansion of franchised restaurant locations and for other general business purposes. Our primary sources of funds for liquidity during the fiscal year ended December 31, 2023 consisted of cash on hand at the beginning of the period and net proceeds of \$127.4 million from the sale of secured debt as discussed in Note 10 of the accompanying consolidated financial statements.

We are involved in a world-wide expansion of franchise locations, which will require significant liquidity, primarily from our franchisees. If real estate locations of sufficient quality cannot be located and either leased or purchased, the timing of restaurant openings may be delayed. Additionally, if we or our franchisees cannot obtain capital sufficient to fund this expansion, the extent of or timing of restaurant openings may be reduced or delayed.

We also may acquire additional restaurant concepts. These acquisitions typically require capital investments in excess of our normal cash on hand. We would expect that future acquisitions will necessitate financing with additional debt or equity transactions. If we are unable to obtain acceptable financing, our ability to acquire additional restaurant concepts likely would be negatively impacted.

We have liabilities of \$91.8 million relating to put options exercised by others on our Series B Cumulative Preferred Stock. The Company has contractual options pursuant to the put/call agreements to extend this repayment via incremental interest payments and there are capital market options that the Company may consider. We believe that we have sufficient

liquidity to meet our liquidity needs and capital resource requirements for at least the next twelve months primarily through currently available cash and cash equivalents, cash flows from operations and access to the capital markets.

As of December 31, 2023, we had cash and restricted cash totaling \$91.9 million.

#### **Debt Issuances (Whole-Business Securitizations)**

We financed our acquisitions and operations through the issuance of notes by five special purpose, wholly-owned financing subsidiaries identified below, which own substantially all of our operations. The Company acts as the manager of each of these subsidiaries under a Management Agreement and performs management, franchising, distribution, intellectual property and operational functions on behalf of the subsidiaries and receives a management fee.

##### **FAT Brands Royalty I, LLC**

On April 26, 2021, FAT Brands Royalty I, LLC ("FB Royalty"), a special purpose, wholly-owned subsidiary of FAT Brands, completed the Offering of three tranches of fixed rate senior secured notes. Net proceeds totaled \$140.8 million, which consisted of the combined face amount of \$144.5 million, net of debt offering costs of \$3.0 million and original issue discount of \$0.7 million. A portion of the proceeds was used to repay and retire notes issued in 2021 under the Base Indenture (the "2020 Securitization Notes"). The payoff amount totaled \$83.7 million, which included principal of \$80.0 million, accrued interest of \$2.2 million and prepayment premiums of \$1.5 million.

On July 6, 2022, FB Royalty issued an additional \$76.5 million aggregate principal amount of three tranches of fixed rate senior secured notes (in millions):

Closing Date	Class	Seniority	Principal Balance	Coupon	Final Legal Maturity Date
7/6/2022	A-2	Senior	\$42.7	4.75%	7/25/2051
7/6/2022	B-2	Senior Subordinated	\$14.2	8.00%	7/25/2051
7/6/2022	M-2	Subordinated	\$19.6	9.00%	7/25/2051

Of the \$76.5 million aggregate principal amount, \$30.0 million was sold privately during the third quarter of 2022, resulting in net proceeds of \$27.1 million (net of debt offering costs of \$0.6 million and original issue discount of \$2.3 million). The remaining \$46.5 million in aggregate principal was sold privately on October 21, 2022, when the Company entered into an Exchange Agreement with the Twin Peaks sellers and redeemed 1,821,831 shares of the Company's 8.25% Series B Cumulative Preferred Stock at a price of \$23.69 per share, plus accrued and unpaid dividends to the date of redemption, in exchange for \$46.5 million aggregate principal amount of secured debt (\$43.2 million net of debt offering costs and original issue discount).

Prior to the redemption, the Twin Peaks sellers held 2,847,393 shares of Series B Cumulative Preferred Stock, which shares were issued to it on October 1, 2021 as partial consideration for the Company's acquisition of Twin Peaks.

Pursuant to the Exchange Agreement, (i) at any time prior to July 25, 2023, the Company may call from the Twin Peaks sellers all or a portion of the Class M-2 Notes at the outstanding principal balance multiplied by 0.86, plus any accrued plus unpaid interest thereon; (ii) at any time on or after the date of the Exchange Agreement, the Company may call from the Twin Peaks sellers, and at any time on or after July 25, 2023, the Twin Peaks sellers may put to the Company, all or a portion of the Class A-2 Notes and/or Class B-2 Notes at the outstanding principal balance multiplied by 0.94, plus any accrued plus unpaid interest thereon; and (iii) at any time on or after July 25, 2023, the Company may call from the Twin Peaks sellers, and the Twin Peaks sellers may put to the Company, all or a portion of the Class M-2 Notes at the outstanding principal balance multiplied by 0.91, plus any accrued plus unpaid interest thereon. If the Company does not remit the applicable call price or put price upon a duly exercised call or put, as applicable, the amount owed by the Company will accrue interest at 10% per annum, which interest is due and payable in cash monthly by the Company. On July 13, 2023, pursuant to the Exchange Agreement, the Twin Peaks sellers exercised their put option. As of December 31, 2023, the outstanding principal balance subject to the put/call option was \$17.3 million.

### FAT Brands GFG Royalty I, LLC

In connection with the acquisition of GFG, on July 22, 2021, FAT Brands GFG Royalty I, LLC ("GFG Royalty"), a special purpose, wholly-owned subsidiary of the Company, completed the issuance and sale in a private offering (the "GFG Offering") of three tranches of fixed rate senior secured notes. Net proceeds totaled \$338.9 million, which consisted of the combined face amount of \$350.0 million, net of debt offering costs of \$6.0 million and original issue discount of \$5.1 million. Substantially all of the proceeds were used to acquire GFG. Immediately following the closing of the acquisition of GFG, the Company contributed the franchising subsidiaries of GFG to GFG Royalty, pursuant to a Contribution Agreement.

On December 15, 2022, GFG Royalty issued an additional \$113.5 million aggregate principal amount of three tranches of fixed rate senior secured notes as follows (in millions):

Closing Date	Class	Seniority	Principal Balance	Coupon	Final Legal Maturity Date
12/13/2022	A-2	Senior	\$67.8	6.00%	7/25/2051
12/13/2022	B-2	Senior Subordinated	\$20.2	7.00%	7/25/2051
12/13/2022	M-2	Subordinated	\$25.5	9.50%	7/25/2051

Of the \$113.5 million aggregate principal amount, \$25.0 million was sold privately during the fourth quarter, resulting in net proceeds of \$22.3 million (net of debt offering costs of \$0.4 million and original issue discount of \$2.3 million). The remaining \$88.5 million in aggregate principal was issued to FAT Brands Inc. and has been eliminated in consolidation. In January 2023, an additional \$40.0 million aggregate principal amount was sold privately, resulting in net proceeds of \$34.8 million. On September 20, 2023, an additional \$2.8 million aggregate principal amount was sold privately resulting in net proceeds of \$2.5 million. The remaining \$45.7 million in aggregate principal amount was issued to FAT Brands, Inc., pending sale to third party investors.

### FAT Brands Twin Peaks I, LLC

In connection with the acquisition of Twin Peaks, on October 1, 2021, the Company completed the issuance and sale in a private offering through its special purpose, wholly-owned subsidiary, FAT Brands Twin Peaks I, LLC, of an aggregate principal amount of \$250.0 million. The net proceeds from the sale of the Notes were used by the Company to finance the cash portion of the purchase price for the acquisition of Twin Peaks Buyer, LLC and its direct and indirect subsidiaries. Net proceeds totaled \$236.9 million, which consisted of the combined face amount of \$250.0 million, net of debt offering costs of \$5.6 million and original issue discount of \$7.5 million. Substantially all of the proceeds were used to acquire Twin Peaks. Immediately following the closing of the acquisition of Twin Peaks, the Company contributed the franchising subsidiaries of Twin Peaks to FAT Brands Twin Peaks I, LLC, pursuant to a Contribution Agreement.

On September 8, 2023, FAT Brands Twin Peaks I, LLC issued an additional \$98.0 million aggregate principal amount of 2 tranches of fixed rate secured notes to FAT Brands Inc., pending sale to third party investors. Of the \$98.0 million aggregate principal amount, \$48.0 million was sold privately during the third quarter of 2023 resulting in net proceeds of \$45.2 million. A portion of the proceeds was used to purchase \$14.9 million aggregate principal amount of outstanding Securitization Notes, which will be held pending re-sale to third party investors. In connection with the bonds repurchased, the Company recognized a \$2.7 million net loss on extinguishment of debt. The remaining \$50.0 million in aggregate principal of notes issued by FAT Twin Peaks I, LLC was issued to a wholly-owned subsidiary of FAT Brands, Inc., pending sale to third party investors.

### FAT Brands Fazoli's Native I, LLC

In connection with the acquisition of Fazoli's and Native Grill & Wings, on December 15, 2021, the Company completed the issuance and sale in a private offering through its special purpose, wholly-owned subsidiary, FAT Brands Fazoli's Native I, LLC, of an aggregate principal amount of \$193.8 million. Net proceeds totaled \$180.6 million, which consisted of the combined face amount of \$193.8 million, net of debt offering costs of \$3.8 million and original issue discount of \$9.4 million. The proceeds were used to close the acquisitions of Fazoli's and Native, and to provide working capital for the

Company. Immediately following the closing of the acquisition of Fazoli's and Native, the Company contributed the franchising subsidiaries of these entities to FAT Brands Fazoli's Native I, LLC, pursuant to a Contribution Agreement.

#### **FB Resid Holdings 1, LLC**

On July 8, 2023, FB Resid Holdings I, LLC ("FB Resid"), a special purpose, wholly-owned subsidiary of FAT Brands, completed the issuance of two tranches of fixed rate secured notes with a total aggregate principal amount of \$150.0 million. Of the \$150.0 million aggregate principal amount, \$105.8 million was sold privately, resulting in net proceeds of \$105.3 million. A portion of the proceeds was used to purchase \$64.6 million of outstanding Securitization Notes, which will be held pending re-sale to third party investors. The remaining \$44.2 million in aggregate principal of notes issued by FB Resid was issued to a wholly-owned subsidiary of FAT Brands, Inc., pending sale to third party investors.

We believe that we will be in compliance with our debt covenants and have sufficient sources of cash to meet our liquidity needs for the next twelve months.

#### **Equity Issuances**

On November 14, 2022, we entered into an ATM Sales Agreement (the "Sales Agreement") with ThinkEquity LLC (the "Agent"), pursuant to which we may offer and sell from time to time through the Agent up to \$21,435,000 maximum aggregate offering price of shares of our Class A Common Stock and/or 8.25% Series B Cumulative Preferred Stock. During fiscal year 2023, pursuant to the Sales Agreement, we sold and issued 339,650 shares of Series B Cumulative Preferred Stock, at a weighted average share price of \$15.60, paid the Agent commissions of \$158,994 for such sales and received net proceeds of \$5,139,178 (net of fees and commissions) for such sales. During the fourth quarter and fiscal year 2022, pursuant to the Sales Agreement, (i) we sold and issued 1,648 shares of Class A Common Stock, at a weighted average share price of \$7.04, paid the Agent commissions of \$348 and received net proceeds of \$11,260 (net of fees and commissions) for such sales and (ii) we sold and issued 30,683 shares of Series B Cumulative Preferred Stock, at a weighted average share price of \$18.13, paid the Agent commissions of \$16,692 for such sales and received net proceeds of \$539,698 (net of fees and commissions) for such sales.

#### **Comparison of Cash Flows**

Our cash and restricted cash balance was \$91.9 million as of December 31, 2023, compared to \$68.8 million as of December 25, 2022.

The following table summarizes key components of our audited consolidated cash flows for the fiscal years ended December 31, 2023, and December 25, 2022:

**(In thousands)**  
**For the Fiscal Years Ended**

	<b>December 31, 2023</b>	<b>December 25, 2022</b>
Net cash used in operating activities	\$ (35.6)	\$ (47.4)
Net cash used in investing activities	(59.8)	(12.5)
Net cash provided by financing activities	118.6	28.7
Net increase (decrease) in cash and restricted cash	<u>\$ 23.2</u>	<u>\$ (31.2)</u>

#### **Operating Activities**

Net cash used in operating activities increased \$11.8 million in 2023 compared to 2022, primarily due to higher debt service costs associated with our securitizations and by changes in working capital.

#### **Investing Activities**

Net cash used in investing activities was \$59.8 million in fiscal year 2023. Net cash used in investing activities was \$12.5 million in 2022, primarily related to purchases of property and equipment in connection with company-owned restaurants.

Financing Activities

Net cash provided by financing activities was \$118.6 million in 2023, primarily comprised of proceeds from borrowings, partially offset by repurchases of previously issued securitized notes and dividends paid on our Class A and Class B Common Stock and our Series B Cumulative Preferred Stock. Net cash provided by financing activities was \$28.7 million in 2022, primarily as a result of proceeds from borrowings, offset by dividends paid on our Class A and Class B Common Stock and our Series B Cumulative Preferred Stock.

Dividends

The dividends declared on the Company's common stock by the Board of Directors during the fiscal year ended December 31, 2023 are as follows (in millions):

Declaration Date	Dividend Per Share	Record Date	Payment Date	Total Dividend (In Millions)
January 3, 2023	\$ 0.14	February 15, 2023	March 1, 2023	\$ 2.3
April 4, 2023	\$ 0.14	May 15, 2023	June 1, 2023	\$ 2.3
July 11, 2023	\$ 0.14	August 15, 2023	September 1, 2023	\$ 2.3
October 3, 2023	\$ 0.14	November 15, 2023	December 1, 2023	\$ 2.4

The declaration and payment of future dividends, as well as the amount thereof, are subject to the discretion of our Board of Directors. The amount and size of any future dividends will depend upon our future results of operations, financial condition, capital levels, cash requirements, and other factors. There can be no assurance that we will declare and pay dividends in future periods.

Capital Expenditures

As of December 31, 2023, we do not have any material commitments for capital expenditures.

Critical Accounting Policies and Estimates

**Franchise Fees:** The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires us to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which includes the transfer of the franchise license. The services provided by us are highly interrelated with the franchise license and are considered a single performance obligation. Franchise fee revenue from the sale of individual franchises is recognized over the term of the individual franchise agreement on a straight-line basis. Unamortized non-refundable deposits collected in relation to the sale of franchises are recorded as deferred franchise fees.

The franchise fee may be adjusted at management's discretion or in a situation involving store transfers between franchisees. Deposits are non-refundable upon acceptance of the franchise application. In the event a franchisee does not comply with their development timeline for opening franchise stores, the franchise rights may be terminated, at which point the franchise fee revenue is recognized in the amount of the non-refundable deposits.

**Royalties:** In addition to franchise fee revenue, we collect a royalty calculated as a percentage of net sales from our franchisees. Royalties range from 0.75% to 7.0% and are recognized as revenue when the related sales are made by the franchisees. Royalties collected in advance of sales are classified as deferred income until earned.

**Advertising:** We require advertising payments from franchisees based on a percent of their net sales. We also receive, from time to time, payments from vendors that are to be used for advertising. Advertising funds collected are required to be spent for specific advertising purposes. Advertising revenue and associated expense is recorded on the consolidated statement of operations. Assets and liabilities associated with the related advertising fees are reflected in the Company's consolidated balance sheets.

**Goodwill and other intangible assets:** Goodwill and other intangible assets with indefinite lives, such as trademarks, are not amortized but are reviewed for impairment annually, or more frequently if indicators arise, as was done in 2023 and 2022. The Company recorded impairment charges of \$0.5 million and \$14.0 million relating to goodwill and other intangible assets during the fiscal years ended December 31, 2023 and December 25, 2022, respectively.

*Assets classified as held-for-sale:* Assets are classified as held-for-sale when we commit to a plan to sell the asset, the asset is available for immediate sale in its present condition and an active program to locate a buyer at a reasonable price has been initiated. The sale of these assets is generally expected to be completed within one year. The combined assets are valued at the lower of their carrying amount or fair value, net of costs to sell and included as current assets on the Company's consolidated balance sheet. Assets classified as held-for-sale are not depreciated. However, interest attributable to the liabilities associated with assets classified as held-for-sale and other expenses continue to be recorded as expenses in the Company's consolidated statements of operations.

*Income taxes:* We account for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and tax reporting bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain.

We utilize a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon the ultimate settlement.

*Share-based compensation:* We have a stock option plan which provides for options to purchase shares of our common stock. For grants to employees and directors, we recognize an expense for the value of options granted at their fair value at the date of grant over the vesting period in which the options are earned. Cancellations or forfeitures are accounted for as they occur. Fair values are estimated using the Black-Scholes option-pricing model. (See Note 14 in our consolidated financial statements for more details on our share-based compensation.)

*Use of estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

#### Recently Adopted Accounting Standards

In March 2022, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2022-02, *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The purpose of this amendment is to enhance disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. It requires that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases. The amendments should be applied prospectively and are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted ASC No. 2022-02 for the fiscal year beginning December 26, 2022, which did not have an effect on the Company's condensed consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)-Measurement of Credit Losses on Financial Instruments*. This guidance replaced the previous incurred loss impairment methodology. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects its current estimate of credit losses expected to be incurred over the life of the financial instrument based on historical experience, current conditions and reasonable and supportable forecasts. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates ("ASU 2019-10")*. The purpose of this amendment was to create a two-tier rollout of major updates, staggering the effective dates between larger public companies and all other entities. This granted certain classes of companies, including Smaller Reporting Companies ("SRCs"), additional time to implement major FASB standards, including ASU 2016-13. Larger public companies had an effective date for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. All other entities were permitted to defer adoption of ASU 2016-13, and its related amendments, until fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company meets the definition of an SRC and adopted the deferral period for ASU 2016-13. The guidance requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption, if applicable. The Company adopted ASU No. 2016-13 for the fiscal year beginning December 26, 2022. The adoption did not require an adjustment to retained earnings and did not have an effect on the Company's condensed consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments require that public business entities on an annual basis disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. The amendments also require that all entities disclose on an annual basis the income taxes paid disaggregated by jurisdiction. The amendments eliminate the requirement for all entities to disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or make a statement that an estimate of the range cannot be made. The amendments are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted. The Company is still evaluating the impact the adoption of this standard will have on its consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments require that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss. The amendments improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is still evaluating the impact the adoption of this standard will have on its consolidated financial statements.

**Off-Balance Sheet Arrangements**

As of December 31, 2023, we did not have any off-balance sheet arrangements.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

See Item 15 of Part IV of this Annual Report on Form 10-K.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There were no disagreements with accountants on any matter of accounting principles or practices, or financial statement disclosure required to be reported under this item.

**ITEM 9A. CONTROLS AND PROCEDURES**

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officers and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive officers and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.



Based on such evaluation, our principal executive officers and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting also includes those policies and procedures that:

- (a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of the Audit Committee of the Board of Directors and with the participation of our management, including our principal executive officers and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment and those criteria, our principal executive officers and principal financial officer concluded that our internal control over financial reporting was effective as of December 31, 2023.

Because we are a non-accelerated filer, we are not required to include an attestation report by our independent registered public accounting firm regarding the effectiveness of our internal control over financial reporting in this annual report as of December 31, 2023.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

During the fourth fiscal quarter of 2023, no director or officer of the Company adopted or terminated a "Rule 10-b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K .

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.**

Not applicable.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

##### Executive Officers and Directors

Below is a list of the names and ages, as of February 29, 2024, of our directors and executive officers, and a description of the business experience of each of them.

Name	Age	Position
Andrew A. Wiederhorn	58	Chairman of the Board of Directors
John S. Allen	71	Director
Donald J. Berchtold	78	Director
Tyler B. Child	48	Director
Lynne L. Collier	56	Director
Mark Elenowitz	54	Director (Lead Independent Director)
James G. Ellis	77	Director
Peter R. Feinstein	79	Director
Matthew H. Green	57	Director
John C. Metz	70	Director
Carmen Vidal	51	Director
Mason A. Wiederhorn	33	Director and Chief Brand Officer
Taylor A. Wiederhorn	35	Director and Chief Development Officer
Thayer D. Wiederhorn	35	Director and Chief Operating Officer
Kenneth J. Kuick	55	Co-Chief Executive Officer and Chief Financial Officer
Robert G. Rosen	57	Co-Chief Executive Officer and Head of Debt Capital Markets
Allen Z. Sussman	59	General Counsel and Corporate Secretary
Ron Roe	46	Senior Vice President of Finance

*Andrew A. Wiederhorn* is the founder of FAT Brands and served as a director of the Company since our inception in March 2017. He also served as President and CEO of FAT Brands and our principal operating subsidiaries from March 2017 until May 2023. He currently serves as a consultant to FAT Brands and a member of the board of managers of our majority stockholder, Fog Cutter Holdings LLC, and was previously Chairman and CEO of our former parent company, Fog Cutter Capital Group Inc. Mr. Wiederhorn previously founded and served as Chairman and CEO of Wilshire Financial Services Group Inc. and Wilshire Credit Corporation. Mr. Wiederhorn received his B.S. degree in Business Administration from the University of Southern California in 1987, with an emphasis in Finance and Entrepreneurship. He previously served on the Board of Directors of Fabricated Metals, Inc., The Boy Scouts of America Cascade Pacific Council, The Boys and Girls Aid Society of Oregon, University of Southern California Associates, Citizens Crime Commission of Oregon, and Economic Development Council for the City of Beverly Hills Chamber of Commerce. Mr. Wiederhorn brings to the Board his more than 20 years of experience with the Company and its predecessors, including as the Company's founder, as well as his experience with sophisticated financial structures, mergers and acquisitions, strategic planning, and leadership and management of complex organizations.

*John S. Allen* has served as a director of FAT Brands since September 2023. Mr. Allen is a retired restaurant operator, having served as the owner and operator of Pacific Way Bakery & Cafe. Mr. Allen received a Bachelor of Arts degree from the University of Illinois. Mr. Allen brings to the Board his experience and history in restaurant operations, management and finance.

*Donald J. Berchtold* has served as a director of FAT Brands since March 2023. Mr. Berchtold also serves as Chief Concept Officer at FAT Brands Inc., a role he has held since February 2018. Mr. Berchtold previously held the position of President and Chief Operating Officer of Fatburger North America Inc. and President and Chief Operating Officer of Fog Cutter Capital Group Inc. Mr. Berchtold also served as Senior Vice President of Wilshire Financial Services Group Inc. and its sister company, Wilshire Credit Corporation. Mr. Berchtold was the owner-operator of his own business that included a dinner house, catering company and other food service concepts and was an active member in the Restaurants of Oregon Association. Mr. Berchtold holds a Bachelor of Science degree in Finance and Marketing from Santa Clara University. Mr. Berchtold brings to the Board his more than 20 years of experience with the Company and its predecessors, his more than 50 years of experience

in the restaurant and hospitality industries, his knowledge and experience in strategic planning, and leadership and management of complex organizations.

*Tyler B. Child* has served as a director of FAT Brands since March 2023. Ms. Child has approximately 10 years of experience in investment banking, working in Equity Capital Markets on the Syndicate Desk for JMP Securities LLC, Banc of America Securities, LLC, and Montgomery Securities. Ms. Child holds a bachelor's degree in Communications and Spanish from Santa Clara University. Ms. Child brings to the Board her experience and history in investment banking and capital markets.

*Lynne L. Collier* has served on our Board of Directors since July 2022. Ms. Collier is an experienced capital markets professional, with nearly 30 years of experience in public capital markets and a focus on the restaurant industry. Ms. Collier currently serves as Head of Consumer Discretionary for Water Tower Research, LLC, and previously served as a Managing Director in the Investor Relations Division of ICR Inc. from April 2021 to June 2022. Prior to that, Ms. Collier had a 25-year career in equity research as a sell-side Consumer Analyst, including for Loop Capital, Canaccord Genuity and Sterne Agee. Ms. Collier received a bachelor's degree in finance from Baylor University and an M.B.A. in finance from Texas Christian University. Ms. Collier brings to the Board substantial expertise in financial analysis of companies in the restaurant and hospitality industries, and broad expertise in capital markets and investor relations generally.

*Mark Elenowitz* has served as a director of FAT Brands since April 2023. Mr. Elenowitz is a Wall Street veteran, who co-founded a boutique investment bank and its online capital formation platform BANQ®. He is a noted speaker at Small Cap and Reg A events, including the SEC Small Business Forum, and has been profiled in BusinessWeek, CNBC and several other publications. Mr. Elenowitz is also a member of the Depository Trust & Clearing Corporation (DTCC) Private Markets Executive Advisory Board, tasked with developing DTCC's new Digital Securities Management (DSM) platform. Mr. Elenowitz currently serves as managing director of Tripoint Capital Management, Digital Offering LLC and Cambria Capital LLC, and is the President and co-founder of Horizon Fintex, a fintech company offering a suite of integrated securities software applications for compliant issuance through secondary trading of electronic securities. In addition, he is the co-creator of Upstream concept, a MERJ Exchange Market, a global stock exchange for digital securities and affiliate of the World Federation of Exchanges (WFE). Mr. Elenowitz is also a member of the Board of Directors of the Long Island Capital Alliance and the National Investment Banking Association, and sits on the advisory boards of several private companies. He is a graduate of the University of Maryland School of Business and Management with a Bachelor of Science degree in Finance. Mr. Elenowitz brings to the Board substantial expertise in capital markets, financial and strategic planning, complex financial transactions, mergers and acquisitions, and leadership of complex organizations.

*James G. Ellis* has served as a director of FAT Brands since September 2023. Mr. Ellis served as the Dean of the Marshall School of Business at the University of Southern California from 2007 until June 2019. Prior to his appointment as Dean in April 2007, Mr. Ellis was the Vice Provost, Globalization, for USC and prior to that was Vice Dean, External Relations. Mr. Ellis was also a professor in the Marketing Department of the Marshall School of Business from 1997 until retiring in 2021. Mr. Ellis continues to serve on the Boards of Directors of a number of other public and private companies, including Mercury General Corporation, J.G. Boswell Company, Eve Mobility Acquisition Corp. and Advanced Merger Partners, Inc. Mr. Ellis received a Bachelor of Business Administration degree from the University of New Mexico and MBA degree from Harvard Business School. Mr. Ellis brings to the Board substantial expertise in finance, marketing, financial accounting and complex financial transactions, and leadership and management of complex organizations.

*Peter R. Feinstein* has served as a director of FAT Brands since July 2023. Mr. Feinstein is an experienced operator of restaurant and entertainment properties, including SHAC, LLC, Fatburger franchises, Sugar Factory, El Dorado Cantina and Country Star Restaurants. Mr. Feinstein is also a retired certified public accountant, having served in senior management and audit roles with Kenneth Leventhal & Co. and Fox & Co. Mr. Feinstein graduated with a Bachelor of Science degree in Accounting from UCLA. Mr. Feinstein brings to the Board substantial expertise in financial and strategic planning, financial accounting, mergers and acquisitions, hospitality industry operations and management, and leadership and management of complex organizations.

*Matthew H. Green* has served as a director of FAT Brands since July 2023. Mr. Green is an experienced finance professional, with over 30 years of experience as a merchant banker, focused primarily on the real estate, infrastructure, and energy sectors for clients including private equity firms, pension funds, sovereign wealth funds and family offices. Mr. Green received a bachelor's degree in Business Administration from the University of Washington. Mr. Green brings to the Board his experience and history in debt finance and capital markets, real estate, and investment banking.

*John C. Metz* has served as a director of FAT Brands since July 2023. Mr. Metz is an experienced owner, operator and developer of restaurants and hospitality properties. Mr. Metz currently owns and operates approximately 70 franchised restaurants, including Hurricane Dockside Grill, Denny's and Wahoo Seafood Grill restaurants. Mr. Metz received a Bachelor

of Science degree in Hotel Administration and an M.B.A. from Cornell University. Mr. Metz brings to the Board his experience and history in restaurant operations and franchising, and financial and operational management of complex organizations.

*Carmen Vidal* has served as a director of FAT Brands since March 2023. Ms. Vidal has also served as International Legal Counsel & Director of International Franchise Development (Europe/Middle East/North Africa) for the Company since October 2021. Prior to that, Ms. Vidal served as Vice President of International Development for the Company. Ms. Vidal brings to the Board her substantial experience in international franchising and cross-border transactions, and long history with the Company and its predecessors.

*Mason A. Wiederhorn* has served as a director of FAT Brands since March 2023, and serves on the board of managers of our majority stockholder, Fog Cutter Holdings LLC. He has also served as the Chief Brand Officer of the Company since December 2021. Prior to that, Mr. Wiederhorn served as Creative Director of the Company, preceded by his role as Creative Director of Fatburger North America Inc. and Buffalo's Franchise Concepts Inc., and Videographer for Fatburger North America Inc. Mr. Wiederhorn graduated from the Business of Cinematic Arts program at the University of Southern California Marshall School of Business. Mr. Wiederhorn brings to the Board his participation in the founding and growth of our Company and its predecessors, leadership skills, and background and education in the creative arts and promotion of our multiple brands.

*Taylor A. Wiederhorn* has served as a director of FAT Brands since March 2023, and serves on the board of managers of our majority stockholder, Fog Cutter Holdings LLC. He has also served as Chief Development Officer since October 2017. Previously, Mr. Wiederhorn served as Vice President - Franchise Marketing and Development for Fatburger North America from September 2011 until October 2017. Mr. Wiederhorn graduated from the USC Marshall School of Business with a Bachelor of Science degree in Business Administration with a concentration in corporate finance. Mr. Wiederhorn brings to the Board his participation in the founding and growth of our Company and its predecessors, leadership skills, management of our sales teams, and business background and education.

*Thayer D. Wiederhorn* has served as a director of FAT Brands since March 2023, and serves on the board of managers of our majority stockholder, Fog Cutter Holdings LLC. He has also served as the Chief Operating Officer since November 2021 where he is responsible for day-to-day business operations and providing leadership to management to ensure short-term and long-term business strategies are implemented and executed and that the organization's capabilities are optimized. Prior to that, Mr. Wiederhorn served as Chief Marketing Officer since March 2017 where he oversaw global branding and marketing for over 2,000 franchise-owned restaurants. Mr. Wiederhorn served as Vice President - Marketing of Fatburger North America Inc. and Buffalo's Franchise Concepts Inc. From June 2012 through March 2017 and as Director of Marketing of Fatburger North America Inc. from July 2011 through June 2012. Additionally, he served as Marketing Coordinator from April 2011 through June 2011 and Brand Development Agent from October 2010 through April 2011. Mr. Wiederhorn started his career working in Fatburger restaurants and food-trucks. Mr. Wiederhorn received his Bachelor of Science degree in Business Administration, with an emphasis in Finance Business Economics, from the University of Southern California. Mr. Wiederhorn brings to the Board his participation in the founding and growth of our Company and its predecessors, leadership of complex organizations, marketing and restaurant operations experience, and business background and education.

*Kenneth J. Kuick* has served as the Co-Chief Executive Officer of FAT Brands since May 2023 and Chief Financial Officer of FAT Brands since May 2021. Prior to joining the Company, Mr. Kuick served as Chief Financial Officer of Noodles & Company, a national fast-casual restaurant concept, from November 2018 to August 2020, where he was responsible for leading the Company's finance, accounting and supply chain operations. Prior to that, Mr. Kuick served as Chief Accounting Officer of VICI Properties Inc., a real estate investment trust specializing in casino properties, from October 2017 to August 2018, where he was responsible for accounting, consolidated financial operations, capital markets transactions, treasury, internal audit, tax, information technology and external reporting. Prior to that, Mr. Kuick served as Chief Accounting Officer of Caesars Entertainment Operating Company, a subsidiary of Caesars Entertainment Corporation, and as Vice President, Assistant Controller for Caesars Entertainment Corporation. Mr. Kuick is a Certified Public Accountant and earned his Bachelor of Science degree in Accounting and Business Systems from Taylor University.

*Robert G. Rosen* has served as the Co-Chief Executive Officer and Head of Debt Capital Markets of FAT Brands since May 2023. Prior to that, he served as our Executive Vice President of Capital Markets since April 2021. Prior to joining the Company, he had been the Managing Member of Kodiak Financial Group LLC since 2004. Kodiak invests in credit classes of ABS and MBS securities, purchases individual real estate loans and portfolios, purchases and manages real estate developments and invests in private equity transactions as well as venture capital transactions. Mr. Rosen began his career in commercial banking, focusing on direct lending for Fleet Bank (then Fleet Norstar Bank) in Albany NY after completing their extensive management training program. This was followed in 1990 by a career on Wall Street, working for Bankers Trust (now Deutsche Bank) and Kidder Peabody in structured finance and investment banking focusing primarily on credit derivatives including securitizations, asset-based lending as well as financing and banking commercial banks and other originators of

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securitizable assets. After Kidder, Mr. Rosen joined Black Diamond Advisors and Black Diamond Securities (and ultimately Black Diamond Capital Management). He served as a Director and FINOP of the Black Diamond entities, with a continued focus on structured finance transactions and credit as well as portfolio management (banking, sales and trading) and servicing. Mr. Rosen continued his career at Bank of Tokyo Mitsubishi and several buy side firms. He continues to be a long-term consultant to Black Diamond Capital Management and serves on multiple advisory boards and committees of Black Diamond. Mr. Rosen holds an MBA and a BA degree from Union College in Managerial Economics.

*Allen Z. Sussman* has served as the General Counsel, EVP for Corporate Development and Corporate Secretary of FAT Brands since March 2021. Prior to that time, Mr. Sussman was a partner at the law firm of Loeb & Loeb LLP in Los Angeles, California, specializing in corporate and securities law, and served as the primary outside corporate and securities counsel of FAT Brands. Prior to private practice, in the early 1990s Mr. Sussman served as an attorney with the Division of Enforcement of the U.S. Securities and Exchange Commission in Washington, DC. Mr. Sussman holds a B.S. degree in Industrial and Labor Relations from Cornell University and a J.D. degree from Boston University School of Law.

*Ron Roe* currently serves as the Senior Vice President of Finance. Prior to August 16, 2018, Mr. Roe served as the Chief Financial Officer since 2009 and served as the Vice President of Finance from 2007 to 2009. Prior to 2007, Mr. Roe was an acquisitions associate for Fog Cutter Capital Group Inc. He began his career as an investment banking analyst with Piper Jaffray. Mr. Roe attended the University of California, Berkeley, where he earned a Bachelor of Arts degree in Economics.

### **Family Relationships**

The family relationships among our directors and executive officers are reported below under "Item 13. Certain Relationships and Related Transactions, and Director Independence" and incorporated herein by reference.

### **Delinquent Section 16(a) Reports**

Based solely on a review of Forms 3, 4 and 5 and amendments thereto furnished to us for the year ended December 31, 2023, our directors, officers, or beneficial owners of more than 10% of our common stock timely furnished reports on all Forms 3, 4 and 5, except that (i) the following new directors filed a late Form 3 and one late Form 4 due to delays in obtaining EDGAR filer codes: John Allen, James Ellis, Matthew Green, Peter Feinstein, Kenneth Kepp and Mark Elenowitz; (ii) Mason Wiederhorn filed a late Form 3; and (iii) Tyler Child, Lynne Collier, John Metz, Ken Kuick, Robert Rosen and Fog Cutter Holdings LLC each filed one late Form 4 for one transaction..

### **Code of Ethics**

We have adopted a written code of business ethics that applies to our directors, officers and employees, including our principal executive officers, principal financial officer, principal accounting officer or controller, or persons performing similar functions. We have posted a current copy of the code under the Corporate Governance section of our website at <https://ir.fatbrands.com>. In addition, we intend to post on our website all disclosures that are required by law or the NASDAQ listing standards concerning any amendments to, or waivers from, any provision of the code.

## Board Committees

During fiscal 2023, our Board of Directors held 32 meetings. Each director attended at least 75% of the aggregate number of meetings of the Board of Directors and meetings of the committees of the Board of Directors on which he or she serves.

The following table sets forth the two standing committees of our Board and the members of each committee as of December 31, 2023 and the number of meetings held by our Board of Directors and the committees during 2023:

Director	Board of Directors	Audit Committee	Compensation Committee
Andrew A. Wiederhorn	Chair		Chair
John S. Allen	X		X
Donald J. Berchtold	X		
Tyler B. Child	X	X	X
Lynne L. Collier	X	Chair	X
Mark Elenowitz	X	X	X
James G. Ellis	X	X	X
Peter R. Feinstein	X	X	X
Matthew H. Green	X	X	X
John C. Metz	X		X
Carmen Vidal	X		
Mason A. Wiederhorn	X		
Taylor A. Wiederhorn	X		
Thayer D. Wiederhorn	X		
Meetings in 2023:	32	6	4

To assist it in carrying out its duties, the Board of Directors has delegated certain authority to an Audit Committee and a Compensation Committee, the functions of which are described below.

## Audit Committee

The Audit Committee is responsible for, among other matters:

- appointing, compensating, retaining, evaluating, terminating, and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing with our independent registered public accounting firm the scope and results of their audit;
- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC;
- reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls, and compliance with legal and regulatory requirements; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

Our Board of Directors has determined that each member of the Audit Committee meets the definition of “independent director” for purposes of serving on an audit committee under Rule 10A-3 and NASDAQ rules. In addition, our Board of Directors has determined that each of Ms. Collier, Mr. Elenowitz, Mr. Feinstein and Mr. Ellis qualifies as an “audit committee financial expert,” as such term is defined in Item 407(d)(5) of Regulation S-K.

The Board of Directors adopted a charter for the Audit Committee. A copy of the Audit Committee charter is available in the Corporate Governance section of our website at <https://ir.fatbrands.com>. The Audit Committee reviews and reassesses the adequacy of the charter periodically.

#### **Compensation Committee**

The Compensation Committee is responsible for assisting our Board of Directors in discharging its responsibilities relating to the compensation of our Co-Chief Executive Officers, other executive officers and outside directors, as well as administering stock incentive plans. During the fiscal year ended December 31, 2023, there were no employee directors on the Compensation Committee and no Compensation Committee interlocks.

The Compensation Committee is responsible for the following, among other matters, as required from time to time:

- reviewing and recommending to our Board of Directors the compensation of our Co-Chief Executive Officers, other executive officers and the outside directors;
- conducting a performance review of our Co-Chief Executive Officers;
- administering the Company's incentive-compensation plans and equity-based plans as in effect or as adopted from time to time by the Board of Directors;
- approving any new equity compensation plan or material change to an existing plan where stockholder approval has not been obtained;
- reviewing our compensation policies; and
- if required, preparing the report of the Compensation Committee for inclusion in our annual proxy statement.

In addition, the Compensation Committee has established a sub-committee of the Compensation Committee comprised solely of "non-employee directors" within the meaning of Rule 16b-3 of the Exchange Act. The sub-committee is available to administer the Company's equity incentive plans if the Board deems it necessary to comply with Rule 16b-3 of the Exchange Act with respect to any equity awards.

The Board of Directors has adopted a charter for the Compensation Committee, a copy of which is available in the Corporate Governance section of our website at <https://ir.fatbrands.com>. The Compensation Committee reviews and reassesses the adequacy of the charter periodically.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The following table sets forth the compensation for the fiscal years ended December 31, 2023 and December 25, 2022 awarded to, earned by, or paid to each individual who served as principal executive officer of the Company during fiscal 2023 and the other two most highly compensated executive officers. We refer to the individuals included in the Summary Compensation Table as our "named executive officers."

# SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards <sup>(1)</sup> (\$)	Option Awards <sup>(1)</sup> (\$)	All Other Compensation (\$)	Total (\$)
Andrew A. Wiederhorn	2023	288,462	—	—	—	4,170,205 <sup>(2)</sup>	4,458,667
Chief Executive Officer (Former)	2022	750,000	2,250,000	—	—	551,040	3,551,040
Robert G. Rosen	2023	550,000	2,200,000	—	2,148,000	—	4,898,000
Co-Chief Executive Officer, Co-President and Head of Debt Capital Markets	2022	550,000	1,650,000	—	—	—	2,200,000
Kenneth J. Kuick	2023	532,439	1,000,000	—	268,495	1,669	1,802,603
Co-Chief Executive Officer, Co-President and Chief Financial Officer	2022	500,000	500,000	—	—	45,440	1,045,440
Taylor A. Wiederhorn	2023	550,000	1,100,000	—	—	—	1,650,000
Chief Development Officer	2022	550,000	1,110,000	—	—	—	1,660,000
Thayer D. Wiederhorn	2023	550,000	1,100,000	—	—	—	1,650,000
Chief Operating Officer	2022	550,000	1,110,000	—	—	—	1,660,000

## Explanatory Notes:

<sup>(1)</sup> Amounts shown represent the aggregate grant date fair value computed in accordance with Accounting Standards Codification 718. Assumptions used in the calculation of this amount for fiscal year ended December 31, 2023 are included in Note 14 to the Company's audited consolidated financial statements for the fiscal year ended December 31, 2023, included in Part IV of this Annual Report on Form 10-K.

<sup>(2)</sup> The amount reflects \$3,699,000 of fees earned pursuant to Mr. Wiederhorn's consulting agreement, \$411,205 of aggregate incremental cost to the Company of providing him with certain personal use of leased aircraft (based on the applicable hourly rate charged to the Company), and \$60,000 of standard Board of Directors fees.

## Executive Employment Agreements

There are no written employment agreements between the Company and any of its employees, other than Kenneth J. Kuick and Robert G. Rosen.

On May 5, 2023, the Company entered into an Employment Agreement (the "Kuick Agreement") with Kenneth J. Kuick, who has served as the Company's Co-Chief Executive Officer, Co-President and Chief Financial Officer since May 5, 2023. Pursuant to the Kuick Agreement, Mr. Kuick's term as Co-Chief Executive Officer, Co-President and Chief Financial Officer will continue on an at-will basis, unless terminated as provided in the Kuick Agreement.

Pursuant to the Kuick Agreement, Mr. Kuick's annual base salary is \$550,000, subject to an annual merit-based increases in the sole discretion of the Board of Directors of the Company (the "Board"). Mr. Kuick will also be eligible for an annual discretionary bonus in the sole discretion of the Board, except that the annual bonus is guaranteed to be no less than \$270,000 annually. Mr. Kuick's eligibility to receive a bonus for any particular calendar year is subject to the achievement by him and the Company, as applicable, of personal and Company-wide targets to be established by the Company in the discretion of the Board.

Pursuant to the Kuick Agreement, Mr. Kuick will be eligible to receive awards of equity from time to time in the form of stock options, stock purchase rights and/or restricted stock awards. Such awards will be subject to the achievement by Mr. Kuick and the Company, as applicable, of personal and Company-wide targets to be established by the Company, on such terms and subject to such conditions as the Board shall determine as of the date of any such grant. In the event of a change in control (as defined in the Employment Agreement), Mr. Kuick's continuous employment is involuntarily terminated without "cause" (as defined in the Employment Agreement), or Mr. Kuick resigns from continuous employment for "good reason" (as defined in the Kuick Agreement), and in any case other than as a result of his death or disability, then 100% of the equity



awards that are then unvested will become fully vested. In addition, in the event that Mr. Kuick's employment is terminated by the Company without "cause" or by Mr. Kuick for "good reason," Mr. Kuick will be entitled to receive severance of six months of base salary payable on the Company's regular payroll schedule.

The Kuick Agreement also entitles Mr. Kuick to participate in the benefit plans or programs that the Company may make available to employees and their families from time to time. The Kuick Agreement also provides for certain other ancillary benefits, including the reimbursement of all reasonable business expenses. In addition, Mr. Kuick is entitled to 15 days of paid time off during each twelve-month period of employment.

On May 5, 2023, the Company entered into an Employment Agreement (the "Rosen Agreement") with Robert G. Rosen, who has served as the Company's Co-Chief Executive Officer, Co-President and Head of Debt Capital Markets since May 5, 2023. Pursuant to the Rosen Agreement, Mr. Rosen's term as Co-Chief Executive Officer, Co-President and Head of Debt Capital Markets will continue on an at-will basis, unless terminated as provided in the Rosen Agreement.

Pursuant to the Rosen Agreement, Mr. Rosen's annual base salary is \$550,000, subject to an annual merit-based increases in the sole discretion of the Board of Directors of the Company (the "Board"). Mr. Rosen will also be eligible for an annual discretionary bonus in the sole discretion of the Board, except that the annual bonus is guaranteed to be no less than \$270,000 annually. Mr. Rosen's eligibility to receive a bonus for any particular calendar year is subject to the achievement by him and the Company, as applicable, of personal and Company-wide targets to be established by the Company in the discretion of the Board.

Pursuant to the Rosen Agreement, Mr. Rosen will be eligible to receive awards of equity from time to time in the form of stock options, stock purchase rights and/or restricted stock awards. Such awards will be subject to the achievement by Mr. Rosen and the Company, as applicable, of personal and Company-wide targets to be established by the Company, on such terms and subject to such conditions as the Board shall determine as of the date of any such grant. In the event of a change in control (as defined in the Rosen Agreement), Mr. Rosen's continuous employment is involuntarily terminated without "cause" (as defined in the Rosen Agreement), or Mr. Rosen resigns from continuous employment for "good reason" (as defined in the Rosen Agreement), and in any case other than as a result of his death or disability, then 100% of the equity awards that are then unvested will become fully vested. In addition, in the event that Mr. Rosen's employment is terminated by the Company without "cause" or by Mr. Rosen for "good reason," Mr. Rosen will be entitled to receive severance of twelve months of base salary payable on the Company's regular payroll schedule.

The Rosen Agreement also entitles Mr. Rosen to participate in the benefit plans or programs that the Company may make available to employees and their families from time to time. The Rosen Agreement also provides for certain other ancillary benefits, including the reimbursement of all reasonable business expenses. In addition, Mr. Rosen is entitled to 20 days of paid time off during each twelve-month period of employment.

## OUTSTANDING EQUITY AWARDS AT FISCAL 2023 YEAR END

The following table summarizes the outstanding equity award holdings of our named executive officers as of December 31, 2023.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Andrew A. Wiederhorn	15,318	—	10.68	10/20/2027	—	—
Former Chief Executive Officer	15,318	—	4.80	12/10/2028		
	66,667	33,333	11.43	11/16/2031		
Robert G. Rosen	66,667	33,333	11.43	11/16/2031	100,000	597,000
Co-Chief Executive Officer, Co-President and Head of Debt Capital Markets	400,000	—	5.37	4/26/2033		
Kenneth J. Kuick	66,667	33,333	11.43	11/16/2031	100,000	597,000
Co-Chief Executive Officer, Co-President and Chief Financial Officer	50,000	—	5.37	4/26/2033		
Taylor A. Wiederhorn	15,318	—	10.68	10/20/2027	—	—
Chief Development Officer	15,318	—	4.80	12/10/2028		
	66,667	33,333	11.43	11/16/2031		
Thayer D. Wiederhorn	15,318	—	10.68	10/20/2027	—	—
Chief Operating Officer	15,318	—	4.80	12/10/2028		
	66,667	33,333	11.43	11/16/2031		

The terms of the equity awards described above are set forth in the Company's 2017 Omnibus Equity Incentive Plan (the "Plan"). The Plan is a comprehensive incentive compensation plan under which we can grant equity-based and other incentive awards to officers, employees and directors of, and consultants and advisers to, FAT Brands and its subsidiaries. The Plan, as amended, provides for a maximum of 5,000,000 shares available for grant and is administered by the Compensation Committee of the Board of Directors and its sub-committee described above under Item 10 – Compensation Committee.

### Option Exercises and Stock Vested

None of the named executive officers acquired shares of the Company's stock through exercise of options during the year ended December 31, 2023.

## DIRECTOR COMPENSATION

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board of Directors. In setting director compensation, the Company considers the significant amount of time that our directors expend in fulfilling their duties to the Company as well as the skill-level required by the Company of members of the Board of Directors.

We pay each non-employee director serving on our Board of Directors \$120,000 in annual cash compensation and an annual equity award of stock options to acquire 30,636 shares of our Class A common stock. The stock options issued to directors are awarded under our 2017 Omnibus Equity Incentive Plan. The non-employee director compensation policy may be amended, modified or terminated at any time by our Board of Directors or Compensation Committee.

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At various times upon the quarterly payment dates of the cash component of director compensation, the Board has allowed non-employee directors to receive their cash compensation in the form of Class A common stock of the Company at fair market value at the time the election is made. Under such arrangement, during fiscal 2023, the non-employee directors elected to receive only cash compensation.

The following table sets forth a summary of the compensation we paid or accrued to our directors for the fiscal year ended December 31, 2023. The compensation paid or accrued to directors Andrew A. Wiederhorn, Taylor D. Wiederhorn and Thayer A. Wiederhorn in 2023 is included in the summary compensation table above. The compensation paid or accrued to director Mason A. Wiederhorn is included in Item 13 below.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$) (1)	Total (\$)
John S. Allen <sup>(2)</sup>	60,000	—	86,233	146,233
Kenneth A. Anderson <sup>(3)</sup>	30,000	—	—	30,000
Tyler B. Child <sup>(4)</sup>	90,000	—	58,013	148,013
Lynne L. Collier <sup>(12)</sup>	170,000	—	63,340	233,340
Mark Elenowitz <sup>(5)(12)</sup>	140,000	—	58,013	198,013
James G. Ellis <sup>(6)</sup>	30,000	—	86,233	116,233
Peter R. Feinstein <sup>(7)</sup>	60,000	—	56,043	116,043
Amy V. Forrestal <sup>(3)</sup>	30,000	—	—	30,000
Matthew H. Green <sup>(8)</sup>	60,000	—	56,043	116,043
Kenneth Kepp <sup>(9)</sup>	70,000	—	—	70,000
John C. Metz <sup>(10)</sup>	60,000	—	56,043	116,043
James Neuhauser <sup>(11)</sup>	169,231	—	—	169,231
Edward H. Rensi <sup>(3)</sup>	30,000	—	—	30,000

**Explanatory Notes:**

- (1) Amounts shown represent the grant date fair value calculated in accordance with Accounting Standards Codification 718. Assumptions used in the calculation of this amount are included in footnote 14 to the Company's audited consolidated financial statements included in Part IV of this Annual Report on Form 10-K. During 2023, with the exception of Andrew A. Wiederhorn, Kenneth A. Anderson, Amy V. Forrestal, James Neuhauser and Edward H. Rensi, the directors were each granted options to purchase 30,636 shares of common stock. Kenneth Kepp was granted an option to purchase 30,636 shares of common stock with a grant date fair value of \$58,013 that was subsequently canceled.
- (2) Mr. Allen was appointed to the Board of Directors in September 2023.
- (3) Mr. Anderson, Ms. Forrestal and Mr. Rensi served on the Board of Directors from the beginning of fiscal 2023 until March 2023.
- (4) Ms. Child was appointed to the Board of Directors in March 2023.
- (5) Mr. Elenowitz was appointed to the Board of Directors in April 2023.
- (6) Mr. Ellis was appointed to the Board of Directors in September 2023.
- (7) Mr. Feinstein was appointed to the Board of Directors in July 2023.
- (8) Mr. Green was appointed to the Board of Directors in July 2023.
- (9) Mr. Kepp served on the Board of Directors from March 28, 2023 until his passing in June 2023.
- (10) Mr. Metz was appointed to the Board of Directors in July 2023.
- (11) Mr. Neuhauser served as Executive Chairman of the Board of Directors until March 2023.
- (12) Includes fees for services on a special litigation committee of the Board of Directors formed in April 2023.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

**PRINCIPAL STOCKHOLDERS**

**Common Stock**

The following table sets forth information, as of February 29, 2024, with respect to the beneficial ownership of our Class A common stock and our Class B common stock by:

- each person known by us to beneficially own more than 5% of our Class A common stock or Class B common stock;
- each of our directors;
- each of our named executive officers; and
- all of our executive officers and directors as a group.

The number of shares beneficially owned by each stockholder is determined under rules issued by the SEC and includes voting power (if applicable) or investment power with respect to securities. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power (if applicable) or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares subject to options, or other rights held by such person that are currently exercisable or will become exercisable within 60 days of the effective date of the disclosure, are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. Unless otherwise indicated, the address of all listed stockholders is c/o FAT Brands Inc., 9720 Wilshire Blvd., Suite 500, Beverly Hills, California 90212. Each of the stockholders listed below has sole voting power (if applicable) and sole investment power with respect to the shares beneficially owned by such stockholder unless noted otherwise, subject to community property laws where applicable.

As of February 29, 2024, there were issued and outstanding 15,694,786 shares of Class A common stock and 1,270,805 shares of Class B common stock.

Name of beneficial owner	Class A Common Stock Beneficially Owned		Class B Common Stock Beneficially Owned		Percent of Total Voting Power †
	Number	%	Number	%	
<b>Greater than 5% Stockholders</b>					
Fog Cutter Holdings LLC	7,015,249 <sup>(1)</sup>	45.2 %	706,514	55.6 %	55.5 %
HOT GFG LLC	2,259,594 <sup>(2)</sup>	14.6 %	—	*	*
Gregory Fortunoff and certain persons	1,202,317 <sup>(3)</sup>	7.6 %	18,223	1.4 %	1.5 %
<b>Named Executive Officers and Directors</b>					
Andrew A. Wiederhorn	241,635 <sup>(4)</sup>	1.5 %	7,579	*	*
Robert G. Rosen	300,000 <sup>(5)</sup>	*	10,000	*	*
Kenneth J. Kuick	183,334 <sup>(6)</sup>	*	10,000	*	*
John S. Allen	— <sup>(7)</sup>	*	—	*	*
Donald J. Berchtold	233,727 <sup>(8)</sup>	1.5 %	20,309	1.6 %	1.6 %
Tyler B. Child	1,543 <sup>(7)</sup>	*	154	*	*
Lynne L. Collier	20,212 <sup>(9)</sup>	*	—	*	*
Mark Elenowitz	2,564 <sup>(7)</sup>	*	—	*	*
James G. Ellis	— <sup>(7)</sup>	*	—	*	*
Peter R. Feinstein	— <sup>(7)</sup>	*	—	*	*
Matthew H. Green	— <sup>(7)</sup>	*	—	*	*
John C. Metz	— <sup>(7)</sup>	*	—	*	*
Carmen Vidal	21,772 <sup>(10)</sup>	*	—	*	*
Mason A. Wiederhorn	121,735 <sup>(11)</sup>	*	4,109	*	*
Taylor A. Wiederhorn	254,012 <sup>(12)</sup>	1.6 %	14,989	1.2 %	1.2 %
Thayer D. Wiederhorn	243,925 <sup>(12)</sup>	1.6 %	14,652	1.2 %	1.2 %
All directors and executive officers as a group (18 persons)	<sup>(13)</sup> 2,028,943	15.5 %	109,444	8.6 %	8.6 %

† Represents the voting power with respect to all shares of our Class A Common Stock and Class B Common Stock, voting as a single class, beneficially owned by the holder. Each share of Class A Common Stock is entitled to one vote per share and each share of Class B Common Stock is entitled to 2,000 votes per share.

\* Represents beneficial ownership of less than 1% of the class.

- (1) Based in part on a Schedule 13/D/A filed on February 24, 2023 by Fog Cutter Holdings LLC, a limited liability company controlled by a board of managers comprised of Andrew A. Wiederhorn, Taylor A. Wiederhorn, Thayer D. Wiederhorn and Mason A. Wiederhorn. The address of Fog Cutter Holdings, LLC is 9720 Wilshire Blvd., Suite 500, Beverly Hills, CA 90212.
- (2) Based on a Schedule 13G filed on March 8, 2022 jointly by HOT GFG LLC and Ms. Rachel Serruya. Ms. Serruya is the sole Director and President of HOT GFG LLC, and may be deemed to have voting and investment power over these shares. Ms. Serruya disclaims beneficial ownership of such securities except to the extent of her indirect pecuniary interest therein, if any. The address provided by HOT GFG LLC is 210 Shields Court, Markham, Ontario, Canada L3R8V2.
- (3) Based in part on a Schedule 13/D/A filed on August 25, 2022 by Gregory Fortunoff, with an address at 49 West 37th Street, New York, NY 10018. Includes warrants to purchase 152,800 shares of Class A Common Stock. Mr. Fortunoff expressly disclaims beneficial ownership for all purposes of the shares beneficially owned by other persons.
- (4) Includes options to purchase 97,303 shares of Class A Common Stock that have vested or will vest within 60 days of the effective date of the disclosure, and warrants that are exercisable for an additional 120,000 shares of Class A Common Stock, including warrants for 100,000 shares owned by Mr. Wiederhorn's spouse, to which he disclaims beneficial ownership except to the extent of his pecuniary interest therein. Does not include unvested options to purchase an additional 33,333 shares of Class A Common Stock.

- (5) Includes options to purchase 200,000 shares of Class A Common Stock that have vested or will vest within 60 days of the effective date of the disclosure. Does not include unvested options to purchase an additional 300,000 shares of Class A Common Stock.
- (6) Includes options to purchase 83,334 shares of Class A Common Stock that have vested or will vest within 60 days of the effective date of the disclosure. Does not include unvested options to purchase an additional 66,666 shares of Class A Common Stock.
- (7) Does not include unvested options to purchase 30,636 shares of Class A Common Stock.
- (8) Includes options to purchase 30,636 shares of Class A Common Stock that have vested or will vest within 60 days of the effective date of the disclosure.
- (9) Includes options to purchase 10,212 shares of Class A Common Stock that have vested or will vest within 60 days of the effective date of the disclosure. Does not include unvested options to purchase an additional 51,060 shares of Class A Common Stock.
- (10) Includes options to purchase 21,772 shares of Class A Common Stock that have vested or will vest within 60 days of the effective date of the disclosure. Does not include unvested options to purchase an additional 8,333 shares of Class A Common Stock.
- (11) Includes options to purchase 80,636 shares of Class A Common Stock that have vested or will vest within 60 days of the effective date of the disclosure. Does not include unvested options to purchase an additional 25,000 shares of Class A Common Stock.
- (12) Includes options to purchase 97,303 shares of Class A Common Stock that have vested or will vest within 60 days of the effective date of the disclosure. Does not include unvested options to purchase an additional 33,333 shares of Class A Common Stock.
- (13) Includes options to purchase an aggregate of 846,438 shares of Class A Common Stock that have vested or will vest within 60 days of the effective date of the disclosure. Does not include unvested options to purchase an aggregate of 798,843 shares of Class A Common Stock.

#### **Preferred Stock**

The following table sets forth information, as of February 29, 2024, with respect to the beneficial ownership of our non-voting Series B Cumulative Preferred Stock (the “Series B Preferred Stock”) by each of our directors, each of our named executive officers, and all of our executive officers and directors as a group. As of February 29, 2024, were 7,755,374 issued and outstanding shares of Series B Preferred Stock.

Name of Beneficial Owner	Series B Preferred Stock Beneficially Owned	
	Shares	%
<b><i>Named Executive Officers and Directors</i></b>		
Andrew A. Wiederhorn	997	*
Robert G. Rosen	232	*
Kenneth J. Kuick	2,000	*
John S. Allen	—	*
Donald J. Berchtold	—	*
Tyler B. Child	—	*
Lynne L. Collier	—	*
Mark Elenowitz	486 <sup>(1)</sup>	*
James G. Ellis	—	*
Peter R. Feinstein	—	*
Matthew H. Green	—	*
John C. Metz	71,306	*
Carmen Vidal	—	*
Mason A. Wiederhorn	—	*
Taylor A. Wiederhorn	885	*
Thayer D. Wiederhorn	1,689	*
All directors and executive officers as a group (18 persons)	81,090	1.0 %

\* Represents beneficial ownership of less than 1% of the class.

<sup>(1)</sup> Represents a warrant to purchase Series B Preferred Stock.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

#### Parent Company

As disclosed above under "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," Fog Cutter Holdings, LLC beneficially holds approximately 55.5% of the voting power with respect to all shares of our common stock.

#### Transactions with Related Persons

The following is a summary of reportable related person transactions since the beginning of our 2022 fiscal year (which began on December 27, 2021) or currently proposed to which we were or will be a party:

- in which the amount involved exceeds \$120,000; and
- in which any director, director nominee, executive officer, stockholder who beneficially owns 5% or more of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

Andrew A. Wiederhorn, our current Chairman of the Board and former President and Chief Executive Officer, entered into a written Separation, Cooperation, and Release Agreement (the "**Separation Agreement**") and Consulting Agreement (the "**Consulting Agreement**") with the Company on July 19, 2023. Under the Separation Agreement, Mr. Wiederhorn was entitled to receive any accrued but unpaid base salary and the value of any accrued and unused vacation through his resignation date in accordance with his Employment Agreement. In addition, Mr. Wiederhorn was entitled to receive a final bonus under his Employment Agreement for such portion of 2023 through his separation date in the amount of \$950,000. Mr. Wiederhorn's stock options will continue to vest after his resignation date as long as he continues to provide services to the Company as a consultant. Under the Separation Agreement, Mr. Wiederhorn provided a general release of the Company, and the Company released Mr. Wiederhorn from certain claims related to his employment and separation from the Company, subject in each case

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to certain exceptions. Mr. Wiederhorn also agreed to assist and cooperate with the Company in transitioning his duties, as well as with any investigations, legal claims, or other matters related to his past employment. In addition, the Company agreed that, unless otherwise prohibited by applicable law, any attorney fees and expenses advanced to Mr. Wiederhorn by the Company in connection with the Company's pending litigation and governmental investigations are awarded to him under the Separation Agreement. The Consulting Agreement provides that Mr. Wiederhorn will provide specified non-executive consulting services to the Company, including advice regarding corporate strategy, acquisitions, capital allocation, financing and restaurant/franchise operations. In consideration for such services, the Consulting Agreement provides that the Company will pay to Fog Cutter Consulting Corp., a company affiliated with Mr. Wiederhorn, an hourly fee of \$1,850. In addition, while Mr. Wiederhorn remains a director of the Company, he will receive standard Board fees as a non-employee director. The Consulting Agreement also contains customary confidentiality obligations by Mr. Wiederhorn and an assignment to the Company of intellectual property developed by Mr. Wiederhorn in the course of providing consulting services to the Company.

John C. Metz joined our Board of Directors on July 11, 2023. Mr. Metz is the President and owner of RREMC Restaurants, LLC, which franchisees certain of the Company's Hurricane Dockside Grill restaurants under standard franchise terms for the Company's Hurricane brand. Under such arrangements, RREMC Restaurants, LLC pays to the Company a standard royalty rate on net sales plus marketing fees, which totaled approximately \$692,975 since the beginning of our 2023 fiscal year and \$559,703 for our 2022 fiscal year. In addition, in January 2022 the Company paid to Mr. Metz a consulting fee of \$160,000 in connection with the Company's acquisition of Native Grill & Wings.

Thayer D. Wiederhorn serves as Chief Operating Officer and a member of the Board of Directors of the Company. He is the son of Andrew Wiederhorn, grandson of Donald Berchtold, nephew of Tyler Child and brother of Taylor Wiederhorn and Mason Wiederhorn, none of whom have a material interest in his employment or share a household with him. For fiscal years 2022 and 2023 through the date of this report, he received an annual base salary of \$550,000, and a bonus of \$1,100,000 for fiscal 2022 and \$1,110,000 for fiscal 2023. During those periods he also participated in the general welfare and benefit plans of the Company and vested in stock options to purchase an aggregate of 38,334 shares of the Company's Class A common stock granted in previous years.

Taylor A. Wiederhorn serves as Chief Development Officer and a member of the Board of Directors of the Company. He is the son of Andrew Wiederhorn, grandson of Donald Berchtold, nephew of Tyler Child and brother of Thayer Wiederhorn and Mason Wiederhorn, none of whom have a material interest in his employment or share a household with him. For fiscal years 2022 and 2023 through the date of this report, he received an annual base salary of \$550,000, and a bonus of \$1,100,000 for fiscal 2022 and \$1,110,000 for fiscal 2023. During those periods he also participated in the general welfare and benefit plans of the Company and vested in stock options to purchase an aggregate of 38,334 shares of the Company's Class A common stock granted in previous years.

Mason A. Wiederhorn serves as Chief Brand Officer and a member of the Board of Directors of the Company. He is the son of Andrew Wiederhorn, grandson of Donald Berchtold, nephew of Tyler Child and brother of Thayer Wiederhorn and Taylor Wiederhorn, none of whom have a material interest in his employment or share a household with him. For fiscal years 2022 and 2023 through the date of this report, he received an annual base salary of \$500,000, and a bonus of \$850,000 for fiscal 2022 and \$1,000,000 for fiscal 2023. During those periods he also participated in the general welfare and benefit plans of the Company and vested in stock options to purchase an aggregate of 30,000 shares of the Company's Class A common stock granted in previous years.

Donald Berchtold serves as Chief Creative Officer and a member of the Board of Directors of the Company. He is the father of director Tyler Child and Jacob Berchtold, and the grandfather of Thayer Wiederhorn, Taylor Wiederhorn and Mason Wiederhorn, none of whom have a material interest in his employment or share a household with him. For fiscal years 2022 and 2023 through the date of this report, he received an annual base salary of \$275,000, and bonuses of \$75,000 for each of fiscal 2022 and 2023. During those periods he also participated in the general welfare and benefit plans of the Company and vested in stock options to purchase an aggregate of 5,000 shares of the Company's Class A common stock granted in previous years.

Jacob Berchtold serves as Chief Operating Officer of the Fast Casual Division of the Company, and has been involved in restaurant operations of the Company and its predecessors since 2005. He is the son of Donald Berchtold, brother of Tyler Child and cousin of Thayer Wiederhorn, Taylor Wiederhorn and Mason Wiederhorn, none of whom have a material interest in his employment or share a household with him. For fiscal years 2022 and 2023 through the date of this report, he received an annual base salary of \$350,000, and bonuses of \$100,000 for each of fiscal 2022 and 2023. During those periods he also participated in the general welfare and benefit plans of the Company and vested in stock options to purchase an aggregate of 30,000 shares of the Company's Class A common stock granted in previous years.



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Carmen Vidal serves as the Company's International Legal Counsel and Director of International Franchise Development (Europe/Middle East/North Africa). For fiscal 2022, she received a base salary of \$130,000 and a bonus of \$50,000. For fiscal 2023 through the date of this report, she received an annual base salary of \$182,000 and a bonus for 2023 of \$50,000. During those periods she also participated in the general welfare and benefit plans of the Company and vested in stock options to purchase an aggregate of 8,334 shares of the Company's Class A common stock granted in previous years.

#### Director Independence

From the inception of our Company in 2017 until March 2023, a majority of our Board was independent and we had a standalone, fully independent compensation committee, nominating and audit committees. In March 2023, the Board was refreshed and expanded to ten persons, and all four members of the board of managers of our majority stockholder joined the Company's Board of Directors (Andrew Wiederhorn, Mason Wiederhorn, Taylor Wiederhorn and Thayer Wiederhorn). Since March 2023, the size of our Board was expanded to 14 persons and additional independent directors were appointed.

Currently, seven of our directors are considered independent within the meaning of the applicable rules and regulations of the SEC and the director independence standards of The NASDAQ Stock Market LLC ("NASDAQ") (Ms. Child, Ms. Collier and Messrs. Allen, Elenowitz, Ellis, Feinstein and Green). Mr. Metz is expected to become independent under these standards in February 2025. Mr. Elenowitz currently serves as the lead independent director on the Board of Directors.

Furthermore, the Board has determined that each member of the audit committee is "independent" under the applicable rules and regulations of the SEC and the director independence standards of NASDAQ applicable to the audit committee, as currently in effect.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Effective as of June 27, 2023, the Company engaged Macias, Gini & O'Connell, LLP ("MGO") to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2023. The decision to engage MGO was also approved by the Audit Committee of the Company's Board of Directors. For the fiscal year ending December 25, 2022, Baker Tilly US, LLP ("Baker Tilly") served as our independent registered public accounting firm.

The aggregate accounting fees paid to MGO and Baker Tilly for the years ended December 31, 2023 and December 25, 2022 are as follows (dollars in thousands):

	December 31, 2023	December 25, 2022
Audit fees	\$ 992	\$ 1,068
Audit related fees	\$ —	\$ 215
Other fees	\$ —	\$ —

*Audit Committee Pre-Approval Policies and Procedures.* The Audit Committee reviews the independence of our independent registered public accounting firm on an annual basis and has determined that MGO and Baker Tilly US, LLP are independent, respectively. In addition, the Audit Committee pre-approves all work (and the related estimated fees) that is to be performed by our independent registered public accounting firm.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

**(a) Financial Statements**

**FAT Brands Inc.**

**Audited Consolidated Financial Statements**

<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID 324 )</a>	F-1
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID 32)</a>	F-3
<a href="#">Consolidated Balance Sheets as of December 31, 2023 and December 25, 2022</a>	F-5
<a href="#">Consolidated Statements of Operations for the Fiscal Years Ended December 31, 2023 and December 25, 2022</a>	F-7
<a href="#">Consolidated Statements of Changes in Stockholders' Deficit for the Fiscal Years Ended December 31, 2023 and December 25, 2022</a>	F-8
<a href="#">Consolidated Statements of Cash Flows for the Fiscal Years Ended December 31, 2023 and December 25, 2022</a>	F-10
<a href="#">Notes to Consolidated Financial Statements</a>	F-12

**(b) Exhibits** – See Exhibit Index immediately following the signatures page.

## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of FAT Brands Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of FAT Brands Inc. and its subsidiaries (the Company) as of December 31, 2023, the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the year then ended, and the related notes and Schedule II to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### **Goodwill and Intangible Asset Impairment Assessment**

#### *Critical Audit Matter Description*

As discussed in Note 2 of the financial statements, goodwill and indefinite lived intangible assets are tested for impairment at least annually and more frequently if events or changes in circumstances between annual tests indicate a potential impairment. Goodwill is evaluated for impairment by determining whether the fair values of the Company's reporting units exceed their carrying values and indefinite lived intangible assets are evaluated for impairment by determining whether the fair values of such indefinite lived intangible assets exceed their carrying values. The Company determined that one of the indefinite lived intangible assets related to the Pretzel Maker business unit was impaired and the Company recorded a related impairment loss of approximately \$0.5 million for the year ended December 31, 2023. The determination of the fair value of the reporting units and indefinite lived intangibles required significant estimates and assumptions. Minor changes in these assumptions could have a significant impact on either the fair value of the reporting units and intangible assets, the amount of any goodwill or intangible asset impairment charge, or both.

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We identified the impairment assessment of goodwill and indefinite lived intangible assets as a critical audit matter. Auditing management's judgements regarding forecasts of future revenue and operating margin, and the discount rate to be applied involved a high degree of subjectivity and significant judgment.

*How the Critical Audit Matter Was Addressed in Our Audit*

The primary procedures we performed to address this critical audit matter included:

- Obtaining an understanding of management's process for determining goodwill and intangible asset impairment;
- Obtaining and reviewing management's goodwill and intangibles impairment analysis including the determination of fair value of the reporting units and intangible balances tested;
- Comparing the actual sales to those forecasted by the Company in previous years in order to assess the historical accuracy of management's forecasting;
- Utilizing a valuation professional with specialized skills and knowledge, who assisted in evaluating the valuation methodologies utilized by the Company for goodwill and intangible assets by comparing the methodologies to those utilized by other companies holding similar assets, and comparing management's assumption inputs to information from external sources and available economic forecasts and data;
- Evaluating the estimated fair value of the reporting units to the Company's market capitalization and evaluating whether any variances from the projections or changes in market capitalization were indicative of potential impairment;
- Evaluating whether the assumptions used in the goodwill and intangible assets impairment analysis were reasonable by considering the past performance of reporting units and third-party market data, and whether such assumptions were consistent with evidence obtained in other areas of the audit; and
- Performing sensitivity analysis over certain inputs and assumptions of the Company to assess the impact any changes to those assumptions could have had on the Company's fair value estimate.

*/s/ Macias, Gini & O'Connell, LLP*

We have served as the Company's auditor since 2023.

Irvine, CA  
March 12, 2024

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of FAT Brands Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of FAT Brands Inc. (the "Company") as of December 25, 2022, the related consolidated statements of operations, stockholders' deficit, and cash flows for the year then ended, and the related notes and Schedule II to the consolidated financial statements (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2022, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### Goodwill and Intangible Assets Impairment Assessment

#### *Critical Audit Matter Description*

As discussed in Note 2 of the consolidated financial statements, goodwill and intangible assets are tested for impairment at least annually on the reporting unit level, and more frequently if the Company believes indicators of impairment exist. The Company determined that three of the reporting units' (Great American Cookie, Pretzel Maker and Marble Slab Creamery) intangible assets were impaired and the Company recorded related impairment losses of approximately \$14 million for the year ended December 25, 2022. The determination of the fair value of the reporting units and related intangibles requires significant estimates and assumptions. Changes in these assumptions could have a significant impact on either the fair value of the reporting units and related intangibles, the amount of any goodwill impairment charge, or both.

We identified the impairment assessment of goodwill and intangibles as a critical audit matter. Auditing management's judgements regarding forecasts of future revenue and operating margin, and the discount rate to be applied involved a high degree of subjectivity.

#### *How the Critical Audit Matter Was Addressed in Our Audit*

The primary procedures we performed to address this critical audit matter included:

- Obtaining an understanding of management's process for determining goodwill and intangible asset impairment;
- Obtaining and reviewing management's goodwill and intangibles impairment analysis including the fair value of reporting units and intangible balances tested;
- Comparing the actual sales to those forecasted by the Company in previous years in order to assess the historical accuracy of management's forecasting;
- Utilizing a valuation specialist to assist in evaluating the valuation methodologies utilized by the Company for goodwill and intangibles by comparing the methodologies to those utilized by other companies holding similar assets,

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compared management's assumption inputs to information from external sources and available economic forecasts and data;

- Evaluating the estimated fair value of the reporting units to the Company's market capitalization and evaluating whether any variances from the projections or changes in market capitalization were indicative of potential impairment of the goodwill and identifiable intangible assets; and
- Evaluating whether the assumptions used in the goodwill and intangibles impairment analysis were reasonable by considering the past performance of reporting units and third-party market data, and whether such assumptions were consistent with evidence obtained in other areas of the audit.

*/s/ Baker Tilly US, LLP*

We have served as the Company's auditor since 2019.

Los Angeles, California

February 24, 2023

FAT BRANDS INC.  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share data)

	December 31, 2023	December 25, 2022
<b>Assets</b>		
Current assets		
Cash	\$ 37,044	\$ 28,668
Restricted cash	39,271	25,375
Accounts receivable, net	21,146	23,880
Inventory	9,306	6,925
Assets classified as held-for-sale	3,756	4,767
Other current assets	10,486	6,086
Total current assets	121,009	95,701
Non-current restricted cash	15,588	14,720
Operating lease right-of-use assets	220,035	101,114
Goodwill	305,089	293,282
Other intangible assets, net	620,622	625,294
Property and equipment, net	100,524	79,189
Other assets	5,371	4,003
Total assets	\$ 1,388,238	\$ 1,213,303
<b>Liabilities and Stockholders' Deficit</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 21,809	\$ 18,328
Accrued expenses and other liabilities	58,903	52,800
Deferred income, current portion	2,490	2,019
Accrued advertising	7,992	14,819
Accrued interest payable	24,961	13,241
Dividend payable on preferred shares	1,325	1,467
Liabilities related to assets classified as held- for-sale	3,421	4,084
Operating lease liability, current portion	17,254	14,815
Redeemable preferred stock	91,836	91,836
Long-term debt, current portion	42,611	49,611
Acquisition purchase price payable	4,000	4,000
Total current liabilities	276,602	267,020
Deferred income, net of current portion	21,958	21,698
Deferred income tax liabilities, net	18,805	27,181
Operating lease liability, net of current portion	211,744	95,620
Long-term debt, net of current portion	1,110,308	958,630
Other liabilities	4,684	2,332
Total liabilities	1,644,101	1,372,481
Commitments and contingencies (Note 16)		

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## Stockholders' deficit

Preferred stock: \$ 0.0001 par value; 15,000,000 shares authorized; 3,591,804 shares issued and outstanding at December 31, 2023 and 3,252,154 shares issued and outstanding at December 25, 2022; liquidation preference \$ 25 per share	44,103	45,504
Class A and Class B common stock and additional paid-in capital as of December 31, 2023: \$ 0.0001 par value per share; 51,600,000 shares authorized (Class A 50,000,000 , Class B 1,600,000 ); 16,900,099 shares issued and outstanding (Class A 15,629,294 , Class B 1,270,805 ). Common stock and additional paid-in capital as of December 25, 2022: \$ 0.0001 par value; 51,600,000 shares authorized (Class A 50,000,000 , Class B 1,600,000 ); 16,571,675 shares issued and outstanding (Class A 15,300,870 , Class B 1,270,805 )	( 31,189 )	( 26,015 )
Accumulated deficit	( 268,777 )	( 178,667 )
Total stockholders' deficit	( 255,863 )	( 159,178 )
Total liabilities and stockholders' deficit	\$ 1,388,238	\$ 1,213,303

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



FAT BRANDS INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except share and per share data)

For the Fiscal Years Ended December 31, 2023 and December 25, 2022

	2023	2022
Revenue		
Royalties	\$ 94,036	\$ 87,921
Restaurant sales	299,029	241,001
Advertising fees	39,490	37,997
Factory revenues	37,983	33,504
Franchise fees	4,979	3,706
Other revenue	4,940	3,095
Total revenue	480,457	407,224
Costs and expenses		
General and administrative expense	93,117	113,313
Cost of restaurant and factory revenues	282,887	221,627
Depreciation and amortization	31,131	27,015
Impairment of goodwill and other intangible assets	500	14,000
Refranchising loss	2,873	4,178
Acquisition costs	—	383
Advertising fees	47,619	44,612
Total costs and expenses	458,127	425,128
Income (loss) from operations	22,330	( 17,904 )
Other (expense) income, net		
Interest expense	( 99,342 )	( 78,477 )
Interest expense related to preferred shares	( 18,189 )	( 16,372 )
Net loss on extinguishment of debt	( 2,397 )	—
Other income, net	1,233	5,375
Total other expense, net	( 118,695 )	( 89,474 )
Loss before income tax provision	( 96,365 )	( 107,378 )
Income tax provision	( 6,255 )	18,810
Net loss	\$ ( 90,110 )	\$ ( 126,188 )
Net loss	\$ ( 90,110 )	\$ ( 126,188 )
Dividends on preferred shares	( 7,007 )	( 6,636 )
	\$ ( 97,117 )	\$ ( 132,824 )
Basic and diluted loss per common share	\$ ( 5.85 )	\$ ( 8.06 )
Basic and diluted weighted average shares outstanding	16,599,015	16,476,090
Cash dividends declared per common share	\$ 0.56	\$ 0.54

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

FAT BRANDS INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT  
*(in thousands, except share data)*

For the Fiscal Year Ended December 31, 2023

	Common Stock						Preferred Stock					
	Class A Shares	Class B Shares	Class A Par Value	Class B Par Value	Additional Paid-In Capital	Total Common Stock	Shares	Par Value	Additional Paid-In Capital	Total Preferred Stock	Accumulated Deficit	Total
Balance at December 25, 2022	15,300,870	1,270,805	\$ 2	\$ —	\$ ( 26,017 )	\$ 26,015	3,252,154	\$ —	\$ 45,504	\$ 45,504	\$ ( 178,667 )	\$ ( 159,178 )
Net loss	—	—	—	—	—	—	—	—	—	—	( 90,110 )	( 90,110 )
Issuance of common stock and preferred stock	328,424	—	—	—	551	551	339,650	—	5,606	5,606	—	6,157
Share-based compensation	—	—	—	—	3,615	3,615	—	—	—	—	—	3,615
Dividends paid on common stock	—	—	—	—	( 9,340 )	( 9,340 )	—	—	—	—	—	( 9,340 )
Dividends paid on Series B preferred stock	—	—	—	—	—	—	—	—	( 7,007 )	( 7,007 )	—	( 7,007 )
Balance at December 31, 2023	15,629,294	1,270,805	\$ 2	\$ —	\$ ( 31,191 )	\$ 31,189	3,591,804	\$ —	\$ 44,103	\$ 44,103	\$ ( 268,777 )	\$ ( 255,863 )

For the Fiscal Year Ended December 25, 2022

	Common Stock						Preferred Stock					
	Class A Shares	Class B Shares	Class A Par Value	Class B Par Value	Additional Paid-In Capital	Total Common Stock	Shares	Par Value	Additional Paid-In Capital	Total Preferred Stock	Accumulated Deficit	Total
Balance at December 26, 2021	15,109,747	1,270,805	\$ 2	\$ —	( 24,839 )	24,837	3,221,471	\$ —	\$ 55,661	\$55,661	\$ ( 52,479 )	( 21,655 )
Net loss	—	—	—	—	—	—	—	—	—	—	( 126,188 )	( 126,188 )
Issuance of common and preferred stock	36,362	—	—	—	108	108	30,683	—	586	586	—	694
Share-based compensation	150,000	—	—	—	7,619	7,619	—	—	—	—	—	7,619
Dividends paid on common stock	—	—	—	—	( 8,905 )	( 8,905 )	—	—	—	—	—	( 8,905 )
Issuance of common stock in lieu of cash - director fees	4,761	—	—	—	—	—	—	—	—	—	—	—
Dividends paid on Series B preferred stock	—	—	—	—	—	—	—	—	( 6,636 )	( 6,636 )	—	( 6,636 )
Exercise of Series B preferred stock put option	—	—	—	—	—	—	—	—	( 4,107 )	( 4,107 )	—	( 4,107 )
Balance at December 25, 2022	15,300,870	1,270,805	\$ 2	\$ —	( 26,017 )	26,015	3,252,154	\$ —	\$ 45,504	\$45,504	\$ ( 178,667 )	159,178

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

FAT BRANDS INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

For the Fiscal Years Ended December 31, 2023 and December 25, 2022

	2023	2022
Cash flows from operating activities		
Net loss	\$ ( 90,110 )	\$ ( 126,188 )
Adjustments to reconcile net loss to net cash used in operations:		
Deferred income taxes	( 8,376 )	17,463
Net loss on extinguishment of debt	2,397	—
Depreciation and amortization	31,131	27,015
Share-based compensation	3,615	7,619
Change in operating right-of-use assets	55	7,021
Accretion of loan fees and interest	13,538	10,771
Adjustments to purchase price liability	—	( 1,140 )
Gain on sale of franchised assets	—	—
Impairment of goodwill and other intangible assets	500	14,000
(Recovery) provision for bad debts	( 9,827 )	20,720
Other	—	( 500 )
Change in:		
Accounts receivable	12,571	( 24,516 )
Inventory	( 2,381 )	—
Other current and noncurrent assets	( 6,129 )	29
Accounts payable	3,481	( 9,199 )
Accrued expense and other liabilities	6,101	6,501
Deferred income	732	3,419
Accrued advertising	( 6,828 )	3,966
Accrued interest payable	11,720	2,563
Dividend payable on preferred shares	( 142 )	( 107 )
Other current and noncurrent liabilities	2,344	( 6,836 )
Total adjustments	54,502	78,789
Net cash used in operating activities	( 35,608 )	( 47,399 )
Cash flows from investing activities		
Acquisitions, net of cash acquired	( 38,597 )	( 1,022 )
Acquisition of intangible assets	( 2,607 )	( 1,750 )
Payments received on notes receivable	295	1,762
Proceeds from sale of property and equipment	—	9,934
Purchases of property and equipment	( 18,896 )	( 21,421 )
Net cash used in investing activities	( 59,805 )	( 12,497 )
Cash flows from financing activities		
Proceeds from borrowings, net of issuance costs	183,112	55,220
Repayments of borrowings	( 54,369 )	( 4,874 )
Change in operating lease liabilities	—	( 5,699 )
Proceeds from issuance of common and preferred shares	6,157	694
Dividends paid on redeemable preferred stock	—	( 1,062 )
Dividends paid on common shares	( 9,340 )	( 8,905 )

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Dividends paid on preferred shares	( 7,007 )	( 6,636 )
Net cash provided by financing activities	118,553	28,738
Net increase (decrease) in cash and restricted cash	23,140	( 31,158 )
Cash and restricted cash at beginning of the period	68,763	99,921
Cash and restricted cash at end of the period	\$ 91,903	\$ 68,763
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 109,388	\$ 66,851
Cash paid for income taxes	\$ 1,752	\$ 1,029
Supplemental disclosure of non-cash financing and investing activities:		
Director fees converted to common stock	\$ —	\$ 30

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. ORGANIZATION AND RELATIONSHIPS

#### *Organization and Nature of Business*

FAT Brands Inc. (the "Company") is a leading multi-brand restaurant franchising company that develops, markets and acquires primarily quick-service, fast casual, casual and polished casual dining restaurant concepts around the world. Organized in March 2017 as a wholly-owned subsidiary of Fog Cutter Capital Group, Inc. ("FCCG"), the Company completed its initial public offering on October 20, 2017 and issued additional shares of common stock representing 20 percent of its ownership upon completion of the offering. During the fourth quarter of 2020, the Company completed a transaction in which FCCG merged into a wholly-owned subsidiary of the Company, and the Company became the parent of FCCG.

As of December 31, 2023, the Company owned eighteen restaurant brands: Round Table Pizza, Fatburger, Marble Slab Creamery, Johnny Rockets, Fazoli's, Twin Peaks, Smokey Bones, Great American Cookies, Hot Dog on a Stick, Buffalo's Cafe & Express, Hurricane Grill & Wings, Pretzelmaker, Elevation Burger, Native Grill & Wings, Yalla Mediterranean and Ponderosa and Bonanza Steakhouses. As of December 31, 2023, the Company had approximately 2,300 locations open and under construction, of which approximately 92 % were franchised.

Each franchising subsidiary licenses the right to use its brand name and provides franchisees with operating procedures and methods of merchandising. Upon signing a franchise agreement, the franchisor is committed to provide training, some supervision and assistance, and access to operations manuals. As needed, the franchisor will also provide advice and written materials concerning techniques of managing and operating the restaurants.

The Company's operations have historically been comprised primarily of franchising a growing portfolio of restaurant brands. This growth strategy is centered on expanding the footprint of existing brands and acquiring new brands through a centralized management organization which provides substantially all executive leadership, marketing, training and accounting services. As part of these ongoing franchising efforts, the Company will, from time to time, make opportunistic acquisitions of operating restaurants and may convert them to franchise locations. During the refranchising period, the Company may operate the restaurants and classifies the operational activities as refranchising gains or losses and the assets and associated liabilities as held-for sale. Through recent acquisitions, the Company also operates "company owned" restaurant locations of certain brands. Our revenues are derived primarily from two sales channels, franchised restaurants and company owned restaurants, which we operate as one segment.

#### *Liquidity*

The Company recognized income from operations of \$ 22.3 million during fiscal year 2023 and loss from operations of \$ 17.9 million during fiscal year 2022. The Company has a history of net losses and an accumulated deficit of \$ 268.8 million as of December 31, 2023. Additionally, as of December 31, 2023, the Company had negative working capital of \$ 155.6 million. Of this amount, \$ 91.8 million represents the current portion of redeemable preferred stock as discussed in Note 12. Since the Company did not deliver the applicable cash proceeds at the related due dates, the amount accrues interest until the payments are completed. The Company had \$ 37.0 million of unrestricted cash as of December 31, 2023 and plans on the combination of cash flows from operations, cash on hand, \$ 107.1 million of issued but not sold aggregate principal amount of fixed rate secured notes and \$ 89.7 million aggregate principal amount of repurchased but not re-sold fixed rate secured notes (see Note 10) to be sufficient to cover any working capital requirements for the next twelve months from the date of this report. If the Company does not achieve its operating plan, additional forms of financing may be required through the issuance of debt or equity. Although management believes it will have access to financing, no assurances can be given that such financing will be available on acceptable terms, in a timely manner or at all.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of presentation* – The accompanying audited consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Our revenues are derived primarily from two sales channels, franchised restaurants and company-owned locations, which we operate as one reportable segment.

The accompanying audited consolidated financial statements have been prepared pursuant to accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements. In the opinion of the Company, all adjustments considered necessary for the fair presentation of the Company's results of operations, financial position and cash flows for the periods presented have been included and are of a normal, recurring nature.

*Nature of operations* – The Company operates on a 52-week calendar and its fiscal year ends on the last Sunday of the calendar year. Consistent with the industry practice, the Company measures its stores' performance based upon 7-day work weeks. Using the 52-week cycle ensures consistent weekly reporting for operations and ensures that each week has the same days, since certain days are more profitable than others. The use of this fiscal year means a 53<sup>rd</sup> week is added to the fiscal year every 5 or 6 years, as was the case in fiscal year 2023. In a 52-week year, all four quarters are comprised of 13 weeks. In a 53-week year, one extra week is added to the fourth quarter. Fiscal year 2023 was a 53-week year and 2022 was a 52-week year.

*Principles of consolidation* – The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. Newly-acquired subsidiaries are included from the date of acquisition. Intercompany accounts have been eliminated in consolidation.

*Use of estimates in the preparation of the consolidated financial statements* – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the determination of fair values of goodwill and other intangible assets, the allocation of basis between assets acquired, sold or retained, allowances for uncollectible notes receivable and accounts receivable, and the valuation allowance related to deferred tax assets. Estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Credit and depository risks* – Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. Management evaluates each of its franchisee's financial condition prior to entry into a franchise or other agreement, as well as periodically through the term of the agreement, and believes that it has adequately provided for any exposure to potential credit losses. As of December 31, 2023 and December 25, 2022, accounts receivable, net of allowance for doubtful accounts, totaled \$ 21.1 million and \$ 23.9 million, respectively, with no franchisee representing more

than 10% of that amount.

**Restricted cash** – The Company has restricted cash consisting of funds required to be held in trust in connection with its securitized debt. The current portion of restricted cash was \$ 39.3 million and \$ 25.4 million as of December 31, 2023 and December 25, 2022, respectively. Noncurrent restricted cash of \$ 15.6 million and \$ 14.7 million as of December 31, 2023 and December 25, 2022, respectively, represents interest reserves required to be set aside for the duration of the securitized debt.

**Accounts receivable** – Accounts receivable are recorded at the invoiced amount and are stated net of an allowance for doubtful accounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The allowance is based on historical collection data and current franchisee information. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2023 and December 25, 2022 accounts receivable was stated net of an allowance for doubtful accounts of \$ 3.7 million and \$ 2.9 million, respectively.

**Employee Retention Tax Credits** - On March 27, 2020, the U.S. government enacted the Coronavirus Aid Relief and Security Act (the "CARES Act") to provide certain relief as a result of the COVID-19 pandemic. The CARES Act provides tax relief, along with other stimulus measures, including a provision for an Employee Retention Credit ("ERC"). As there is no authoritative guidance under U.S. GAAP on accounting for government assistance to for-profit business entities, the Company accounts for the ERC by analogy to International Accounting Standard, Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20"). During 2023, the Company received and recognized \$ 16.9 million of ERCs.

**Inventories** – Inventories are carried at the lower of cost or net realizable value and consist primarily of raw materials used in the Company's dough manufacturing facility in Atlanta, Georgia, and finished goods which consist primarily of food, beverages and supplies for Company restaurants. Inventory costs are included in "Cost of restaurant and factory revenues" in the Consolidated Statements of Operations.

**Assets classified as held-for-sale** – Assets are classified as held-for-sale when the Company commits to a plan to sell the asset, the asset is available for immediate sale in its present condition, and an active program to locate a buyer at a reasonable price has been initiated. The sale of these assets is generally expected to be completed within one year. The combined assets are valued at the lower of their carrying amount or fair value, net of costs to sell, and included as current assets on the Company's consolidated balance sheet. Assets classified as held-for-sale are not depreciated. However, interest attributable to the liabilities associated with assets classified as held-for-sale and other related expenses are recorded as expenses in the Company's consolidated statement of operations.

**Goodwill and other intangible assets** – Intangible assets are stated at the estimated fair value at the date of acquisition and include goodwill, trademarks, and franchise agreements. Goodwill and other intangible assets with indefinite lives, such as trademarks, are not amortized but are reviewed for impairment annually or more frequently if indicators arise. All other intangible assets are amortized over their estimated weighted average useful lives, which range from 4.9 years to 30.3 years. Management assesses potential impairments to intangible assets at least annually, or when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. Judgments regarding the existence of impairment indicators and future cash flows related to intangible assets are based on operational performance of the acquired businesses, market conditions and other factors.

**Fair value measurements** - The Company determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in U.S. GAAP. As necessary, the Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy:

- Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities.
- Level 3 - Inputs are unobservable and reflect the Company's own assumptions.

The Company does not have a material amount of financial assets or liabilities that are required to be measured at fair value on a recurring basis under U.S. GAAP. None of the Company's non-financial assets or non-financial liabilities are required to be measured at fair value on a recurring basis.

**Income taxes** – The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and tax reporting bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain. A valuation allowance is recognized when the realization of our deferred tax assets is expected to be less than our carrying amounts.

A two-step approach is utilized to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon the ultimate settlement.

**Franchise fees** - The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which includes the transfer of the franchise license. The services provided by the Company are highly inter-related with the franchise license and are considered a single performance obligation. Franchise fee revenue from the sale of individual franchises is recognized over the term of the individual franchise agreement on a straight-line basis. Unamortized non-refundable deposits collected in relation to the sale of franchises are recorded as deferred income.

The franchise fee may be adjusted from time to time at management's discretion. Deposits are non-refundable upon acceptance of the franchise application. In the event a franchisee does not comply with their development timeline for opening franchise stores, the franchise rights may be terminated, at which point the franchise fee revenue is recognized for non-refundable deposits.

**Royalties** – In addition to franchise fee revenue, the Company collects a royalty calculated as a percentage of net sales from our franchisees. Royalties typically range from 0.75 % to 7.0 % and are recognized as revenue when the related sales are made by the franchisees. Royalties collected in advance of sales are classified as deferred income until earned.

**Company-owned restaurant revenue** - Company-owned restaurant revenue is recognized at the point in time when food and beverage products are sold. Company restaurant sales are presented net of sales-related taxes collected from customers and remitted to governmental taxing authorities.

**Advertising** – The Company requires advertising fee payments from franchisees based on a percent of net sales. The Company also receives, from time to time, payments from vendors that are to be used for advertising. Advertising funds collected are required to be spent for specific advertising purposes. Advertising revenue and the associated expense are recorded gross on the

Company's consolidated statement of operations. Assets and liabilities associated with the related advertising fees are reflected in the Company's consolidated balance sheet.

**Share-based compensation** – The Company has a stock option plan which provides for options to purchase shares of the Company's common stock. Options issued under the plan may have a variety of terms as determined by the Board of Directors including the option term, the exercise price and the vesting period. Options granted to employees and directors are valued at the date of grant and recognized as an expense over the vesting period in which the options are earned. Cancellations or forfeitures are accounted for as they occur. Stock options issued to non-employees as compensation for services are accounted for based upon the estimated fair value of the stock option. The Company recognizes this expense over the period in which the services are provided. Management utilizes the Black-Scholes option-pricing model to determine the fair value of the stock options issued by the Company. See Note 14 for more details on the Company's share-based compensation.

**Earnings per share** – The Company reports basic earnings or loss per share in accordance with FASB ASC 260, "Earnings Per Share". Basic earnings per share is computed using the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is computed using the weighted average number of common shares outstanding plus the effect of dilutive securities during the reporting period. Any potentially dilutive securities that have an anti-dilutive impact on the per share calculation are excluded. During periods in which the Company reports a net loss, diluted weighted average shares outstanding are equal to basic weighted average shares outstanding because the effect of the inclusion of all potentially dilutive securities would be anti-dilutive. As of December 31, 2023, and December 25, 2022, there were no potentially dilutive securities considered in the calculation of diluted loss per common share due to net losses for each period.

#### Recently Adopted Accounting Standards

In March 2022, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2022-02, *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The purpose of this amendment is to enhance disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. It requires that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases. The amendments should be applied prospectively and are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted ASC No. 2022-02 for the fiscal year beginning December 26, 2022, which did not have an effect on the Company's condensed consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)-Measurement of Credit Losses on Financial Instruments*. This guidance replaced the previous incurred loss impairment methodology. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects its current estimate of credit losses expected to be incurred over the life of the financial instrument based on historical experience, current conditions and reasonable and supportable forecasts. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates ("ASU 2019-10")*. The purpose of this amendment was to create a two-tier rollout of major updates, staggering the effective dates between larger public companies and all other entities. This granted certain classes of companies, including Smaller Reporting Companies ("SRCs"), additional time to implement major FASB standards, including ASU 2016-13. Larger public companies had an effective date for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. All other entities were permitted to defer adoption of ASU 2016-13, and its related amendments, until fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company meets the definition of an SRC and adopted the deferral period for ASU 2016-13. The guidance requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption, if applicable. The Company adopted ASU No. 2016-13 for the fiscal year beginning December 26, 2022. The adoption did not require an adjustment to retained earnings and did not have an effect on the Company's condensed consolidated financial statements.

#### Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments require that public business entities on an annual basis disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. The amendments also require that all entities disclose on an annual basis the income taxes paid disaggregated by jurisdiction. The amendments eliminate the requirement for all entities to disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or make a statement that an estimate of the range cannot be made. The amendments are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments

should be applied on a prospective basis. Retrospective application is permitted. The Company is still evaluating the impact the adoption of this standard will have on its consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments require that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss. The amendments improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is still evaluating the impact the adoption of this standard will have on its consolidated financial statements.

### **NOTE 3. MERGERS AND ACQUISITIONS**

#### Acquisition of Barbeque Integrated, Inc.



On September 25, 2023, the Company completed the acquisition of Barbeque Integrated, Inc. from Barbeque Holding LLC. Barbeque Integrated Inc. is the operator of a chain of barbeque restaurants located in the Eastern and Midwest United States. The net purchase price was \$ 31.8 million (after certain customary adjustments), comprised of cash, and is subject to further adjustments with respect to working capital, to be finalized no later than 75 days after closing.

The preliminary assessment of the fair value of the net assets and liabilities acquired by the Company through the transaction was estimated at \$ 31.8 million. The preliminary allocation of the consideration to the net tangible and intangible assets acquired is presented in the table below (in millions):

Cash	\$	0.3
Accounts receivable, net of allowances		2.8
Inventory		2.6
Prepays and other current assets		1.5
Other intangible assets, net		8.8
Goodwill		11.7
Operating lease right-of-use assets		109.4
Other assets		1.8
Property and equipment, net		18.1
Below market leases		0.2
Accounts payable		( 3.6 )
Accrued expenses and other liabilities		( 9.9 )
Operating lease liability, current portion		( 3.9 )
Operating lease liability, net of current portion		( 105.6 )
Other liabilities		( 2.4 )
Total net identifiable assets	\$	31.8

Our preliminary valuation estimates of the identifiable intangible assets acquired in connection with the transaction are based on initial valuations performed by management and third-party experts. However, these estimates are preliminary, as we have not completed our analysis of all the facts surrounding the business acquired and therefore have not finalized the accounting for these transactions. Our preliminary estimate of identifiable intangible assets total \$ 8.8 million in trademarks.

#### Pro Forma Information

The table below presents the combined pro forma revenue and net loss of the Company and Barbeque Integrated Inc. for the years ended December 31, 2023 and December 25, 2022, respectively, assuming the acquisition had occurred on December 27,

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2021 (the beginning of the Company's 2022 fiscal year) (in millions). Actual consolidated results are presented in the pro forma information for any period in which Barbeque Integrated Inc. was actually a consolidated subsidiary of the Company. This pro forma information does not purport to represent what the actual results of operations of the Company would have been had the acquisition of Barbeque Integrated Inc. occurred on this date nor does it purport to predict the results of operations for future periods.

	Year Ended	
	December 31, 2023	December 25, 2022
Revenue	\$ 610.1	\$ 591.9
Net loss	\$ ( 93.8 )	\$ ( 130.9 )

The pro forma information includes various assumptions, including those related to the preliminary purchase price allocations of the assets acquired and liabilities assumed of Barbeque Integrated Inc. based on preliminary estimates of fair value by management and third-party valuation experts. The final purchase price allocations may vary based on final appraisals, valuations and analyses of the fair value of the acquired assets and assumed liabilities as well as final post-closing adjustments, if any. Accordingly, the pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change.

#### NOTE 4. REFRANCHISING

As part of its ongoing franchising efforts, the Company may, from time to time, make opportunistic acquisitions of operating restaurants in order to convert them to franchise locations or acquire existing franchise locations to resell to another franchisee across all of its brands.

The following assets used in the operation of certain restaurants meet all of the criteria requiring that they be classified as held- for-sale, and have been classified accordingly on the accompanying audited consolidated balance sheets as of December 31, 2023 and December 25, 2022 (in millions):

	December 31, 2023	December 25, 2022
Property, plant and equipment	\$ 0.7	\$ 0.7
Operating lease right-of-use assets	3.1	4.1
Total	\$ 3.8	\$ 4.8

Operating lease liabilities related to the assets classified as held-for-sale in the amount of \$ 3.4 million and \$ 4.1 million, have been classified as current liabilities on the accompanying audited consolidated balance sheets as of December 31, 2023 and December 25, 2022, respectively.

The following table highlights the operating results of the Company's refranchising program during 2023 and 2022 (in millions):

	Twelve Months Ended	
	December 31, 2023	December 25, 2022
Restaurant costs and expenses, net of revenue	\$ 3.0	\$ 4.2
Gains on store sales or closures	( 0.1 )	—
Refranchising loss	\$ 2.9	\$ 4.2

## NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists primarily of real estate (including land, buildings and tenant improvements) and equipment.

As of December 31, 2023 and December 25, 2022, the Company's gross carrying value of property and equipment and accumulated depreciation balances were (in millions):

	Total	
	2023	2022
Real estate	\$ 83.5	\$ 67.7
Equipment	44.9	26.5
Total property and equipment, gross	128.4	94.2
Less: accumulated depreciation	( 27.9 )	( 15.0 )
Total property and equipment, net	\$ 100.5	\$ 79.2

Depreciation expense for the fiscal years ended December 31, 2023 and December 25, 2022 was \$ 15.8 million and \$ 12.1 million, respectively.

On an annual basis the Company assesses its property and equipment for impairment. The Company recognized \$ 0.5 million impairment expense for the fiscal year ended December 31, 2023. For the fiscal year ended December 25, 2022, the company recognized impairment expense of \$ 0.5 million. The impairment expenses is included in General and administrative expense on the Consolidated Statements of Operations.

Upon retirement or other disposal of property and equipment, the cost and related amounts of accumulated depreciation are eliminated from the asset and accumulated depreciation accounts, respectively. The difference, if any, between the net asset value and the proceeds, is recorded in earnings.

## NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

The following table reflects the changes in carrying amounts of goodwill for the fiscal years ended December 31, 2023 and December 25, 2022 (in millions):

	December 31, 2023	December 25, 2022
Gross goodwill:		
Balance, beginning of year	\$ 295.0	\$ 296.8
Acquired	11.8	1.2
Adjustment to preliminary purchase price allocation	—	( 3.0 )
Balance, end of year	306.8	295.0
Accumulated impairment:		
Balance, beginning of year	( 1.7 )	( 1.7 )
Impairment	—	—
Balance, end of year	( 1.7 )	( 1.7 )
Net carrying value	\$ 305.1	\$ 293.3

When considering the available facts, assessments and judgments, the Company recorded no goodwill impairment charges for the fiscal years ended December 31, 2023 and December 25, 2022.

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Other intangible assets consist primarily of trademarks, franchise agreements and customer relationships that were classified as identifiable intangible assets at the time of the brands' acquisition by the Company, or at the time they were acquired by FCCG prior to FCCG's contribution of the brands to the Company in connection with the initial public offering. Franchise agreements and customer relationships are amortized over the useful life of the asset. Trademarks are typically considered to have an indefinite useful life and are not amortized.

Changes in Carrying Value of Other Intangible Assets

The changes in carrying value of other intangible assets for the fiscal years ended December 31, 2023 and December 25, 2022 are as follows (in millions):

	Amortizing		Non-Amortizing		Total	
	2023	2022	2023	2022	2023	2022
Balance, beginning of year	\$ 162.1	\$ 175.6	\$ 463.2	\$ 477.2	\$ 625.3	\$ 652.8
Impairment	—	—	( 0.5 )	( 14.0 )	( 0.5 )	( 14.0 )
Amortization expense	( 15.3 )	( 14.9 )	—	—	( 15.3 )	( 14.9 )
Acquisitions	9.1	1.7	—	—	9.1	1.7
Adjustment to preliminary purchase price allocation	2.0	( 0.3 )	—	—	2.0	( 0.3 )
Balance, end of year	<u>\$ 157.9</u>	<u>\$ 162.1</u>	<u>\$ 462.7</u>	<u>\$ 463.2</u>	<u>\$ 620.6</u>	<u>\$ 625.3</u>

Gross Carrying Value and Accumulated Amortization of Other Intangible Assets

The carrying value of amortizing other intangible assets is as follows as of December 31, 2023 and December 25, 2022 (in millions):

	December 31, 2023			December 25, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets						
Franchise agreements	\$ 109.5	\$ ( 24.2 )	\$ 85.3	\$ 109.2	\$ ( 14.8 )	\$ 94.4
Customer relationships	73.9	( 13.7 )	60.2	73.9	( 8.1 )	65.8
Other	12.9	( 0.5 )	12.4	2.1	( 0.2 )	1.9
Balance, end of year	<u>\$ 196.3</u>	<u>\$ ( 38.4 )</u>	<u>\$ 157.9</u>	<u>\$ 185.2</u>	<u>\$ ( 23.1 )</u>	<u>\$ 162.1</u>

When considering the available facts, assessments and judgments, including increased interest rates, the Company recorded impairment of trademarks in the amount of \$ 0.5 million and \$ 14.0 million for the fiscal years ended December 31, 2023 and December 25, 2022, respectively.

Amortization expense for the fiscal years ended December 31, 2023 and December 25, 2022 was \$ 15.3 million and \$ 14.9 million, respectively.

The expected future amortization of the Company's amortizable intangible assets is as follows (in millions):

Fiscal year:

2024	\$ 15.6
2025	15.4
2026	15.4
2027	15.4
2028	15.3
Thereafter	80.8
Total	<u>\$ 157.9</u>

**NOTE 7. DEFERRED INCOME**

Deferred income is as follows (in millions):

	December 31, 2023	December 25, 2022
Deferred franchise fees	\$ 24.3	\$ 23.5
Deferred vendor incentives	0.1	0.2
<b>Total</b>	<b>\$ 24.4</b>	<b>\$ 23.7</b>

**NOTE 8. INCOME TAXES**

Components of the income tax (benefit) provision, net are as follows (in millions):

	Fiscal Year Ended December 31, 2023	Fiscal Year Ended December 25, 2022
<b>Current</b>		
Federal	\$ —	\$ —
State	0.8	0.4
Foreign	1.3	1.0
	2.1	1.4
<b>Deferred</b>		
Federal	( 6.3 )	8.2
State	( 2.1 )	9.2
	( 8.4 )	17.4
<b>Total income tax (benefit) provision</b>	<b>\$ ( 6.3 )</b>	<b>\$ 18.8</b>

Income tax (benefit) provision related to continuing operations differ from the amounts computed by applying the statutory income tax rate to pretax income as follows (in millions):

	Fiscal Year Ended December 31, 2023	Fiscal Year Ended December 25, 2022
Tax benefit at statutory rate	\$ ( 20.3 )	\$ ( 22.5 )
State and local income taxes	( 1.5 )	( 0.7 )
State and federal valuation allowances	17.1	36.4
162(m) limitation	1.1	1.3
Foreign taxes	1.3	0.8
Tax credits	( 9.0 )	0.5
Nondeductible interest expense	1.7	2.2
Other	3.3	0.8
<b>Total income tax provision</b>	<b>\$ ( 6.3 )</b>	<b>\$ 18.8</b>

As of December 31, 2023, the Company's subsidiaries' annual tax filings for the prior three years are open for audit by Federal and for the prior four years for state tax agencies. The Company is the beneficiary of indemnification agreements from the prior owners of the subsidiaries for tax liabilities related to periods prior to its ownership of the subsidiaries. Management evaluated the Company's overall tax positions and has determined that no provision for uncertain income tax positions is necessary as of December 31, 2023.

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Deferred taxes reflect the net effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for calculating taxes payable. Significant components of the Company's deferred tax assets and liabilities are as follows (in millions):

	December 31, 2023	December 25, 2022
Deferred tax assets (liabilities), net		
Net federal and state operating loss carryforwards	\$ 38.0	\$ 47.9
Deferred revenue	5.3	4.9
Intangibles	( 90.0 )	( 92.6 )
Deferred state income tax	—	1.8
Reserves and accruals	10.0	6.6
Interest expense carryforward	68.1	43.9
Tax credits	28.3	0.1
Share-based compensation	1.3	2.8
Fixed assets	( 6.9 )	( 4.4 )
Operating lease right-of-use assets	( 55.6 )	( 26.0 )
Operating lease liabilities	57.9	28.5
Valuation allowance	( 77.4 )	( 40.6 )
Other	2.2	( 0.1 )
Total	<u>\$ ( 18.8 )</u>	<u>\$ ( 27.2 )</u>

Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not (a likelihood of more than fifty percent) that some portion or all of the deferred tax assets will not be realized. As of December 31, 2023 and December 25, 2022, the Company recorded a valuation allowance against its deferred tax assets in the amount of \$ 77.4 million and \$ 40.6 million, respectively, as it determined that these amounts would not likely be realized. Realization of our deferred tax assets is dependent upon future earnings, the timing and amount of which, if any, are uncertain. The valuation allowance increased by \$ 36.8 million and \$ 35.4 million during the fiscal years ended December 31, 2023 and December 25, 2022, respectively.

The Company had federal net operating loss carryforwards ("NOLs") of approximately \$ 139.5 million and \$ 176.9 million as of December 31, 2023 and December 25, 2022, respectively. The Company's State NOLs were approximately \$ 126.3 million and \$ 133.5 million as of December 31, 2023 and December 25, 2022, respectively. The NOLs begin to expire in 2037. Utilization of some of the federal and state net operating loss and credit carryforwards are subject to annual limitations due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitations may result in the expiration of net operating losses and credits before utilization. The Company also had certain federal tax credits totaling approximately \$ 28.3 million and \$ 0.1 million as of December 31, 2023 and December 25, 2022 respectively. The credits will begin to expire in 2024.

Under Section 382 and 383 of the Internal Revenue Code, if an ownership change occurs with respect to a "loss corporation", as defined, there are annual limitations on the amount of the NOLs and certain other deductions and credits which are available to the Company. The portion of the NOLs and other tax benefits accumulated by Johnny Rockets, GFG and Fazoli's prior to the Acquisition are subject to this annual limitation.

#### NOTE 9. LEASES

As of December 31, 2023, the Company has recorded 192 operating leases for corporate offices and for certain owned restaurant properties, some of which are in the process of being refranchised. The leases have remaining terms ranging from 1 month to 26.8 years. The Company recognized lease expense of \$ 22.2 million and \$ 18.8 million for the fiscal years ended December 31, 2023 and December 25, 2022, respectively. The weighted average remaining lease term of the operating leases as of December 31, 2023 was 10.7 years.

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Operating lease right-of-use assets and operating lease liabilities are as follows (in millions):

	December 31, 2023	December 25, 2022
Operating lease right-of-use assets	\$ 220.0	\$ 101.1
Right of use assets classified as held-for-sale	3.1	4.1
Total right-of-use assets	<u>\$ 223.1</u>	<u>\$ 105.2</u>
Operating lease liabilities	\$ 229.0	\$ 110.4
Lease liabilities related to assets held-for-sale	3.4	4.1
Total operating lease liabilities	<u>\$ 232.4</u>	<u>\$ 114.5</u>

The operating lease right-of-use assets and operating lease liabilities include obligations relating to the optional term extensions available on certain restaurant leases based on management's intention to exercise the options. The weighted average discount rate used to calculate the carrying value of the right-of-use assets and lease liabilities was 8.9 % which is based on the Company's incremental borrowing rate at the time the lease is acquired.

The contractual future maturities of the Company's operating lease liabilities as of December 31, 2023, including anticipated lease extensions, are as follows (in millions):

Fiscal year:

2024	\$ 29.6
2025	28.8
2026	27.5
2027	27.4
2028	26.4
Thereafter	349.4
Total lease payments	<u>489.1</u>
Less imputed interest	260.1
Total	<u>\$ 229.0</u>

Supplemental cash flow information for the fiscal years ended December 31, 2023 and December 25, 2022 related to leases is as follows (in millions):

	2023	2022
Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash flows from operating leases	<u>\$ 19.8</u>	<u>\$ 16.4</u>
Operating lease right-of-use assets obtained in exchange for new lease obligations:		
Operating lease liabilities	<u>\$ 8.5</u>	<u>\$ 7.7</u>

**NOTE 10. DEBT**

Long-term debt consisted of the following (in millions):

	December 31, 2023				December 25, 2022	
	Final Maturity	Anticipated Call Date	Rate	Face Value	Book Value	Book Value
<b>Senior Debt</b>						
FB Royalty Securitization	4/25/2051	7/25/2026	4.75 %	\$ 139.8	\$ 135.9	\$ 135.3
GFG Royalty Securitization	7/25/2051	7/25/2026	6.00 %	276.8	267.7	228.9
Twin Peaks Securitization	7/25/2051	1/25/2025	7.00 %	198.0	193.7	147.5
Fazoli's/Native Securitization	7/25/2051	1/25/2025	6.00 %	128.8	126.0	124.8
FB Resid Securitization	7/25/2027		10.00 %	52.9	52.7	—
<b>Senior Subordinated Debt</b>						
FB Royalty Securitization	4/25/2051	7/25/2026	8.00 %	43.1	42.1	45.2
GFG Royalty Securitization	7/25/2051	7/25/2026	7.00 %	95.7	95.9	82.0
Twin Peaks Securitization	7/25/2051	1/25/2025	9.00 %	50.0	48.6	47.3
Fazoli's/Native Securitization	7/25/2051	1/25/2025	7.00 %	18.0	17.4	23.5
FB Resid Securitization	7/25/2027		10.00 %	52.9	52.7	—
<b>Subordinated Debt</b>						
FB Royalty Securitization	4/25/2051	7/25/2026	9.00 %	19.6	18.6	32.1
GFG Royalty Securitization	7/25/2051	7/25/2026	9.50 %	47.3	43.4	53.5
Twin Peaks Securitization	7/25/2051	1/25/2025	10.00 %	31.2	29.4	45.5
Fazoli's/Native Securitization	7/25/2051	1/25/2025	9.00 %	25.1	20.7	37.0
<b>Total Securitized Debt</b>				1,179.2	1,144.8	1,002.6
<b>Elevation Note</b>	7/19/2026	N/A	6.00 %	3.5	3.0	3.9
<b>Equipment Notes</b>	5/5/2027 to 3/7/2029	N/A	7.99 % to 8.49 %	1.2	1.9	1.3
	8/5/2023 with One Six-Month Extension	N/A				
<b>Twin Peaks Construction Loan</b>		N/A	8.00 %	2.2	—	0.4
<b>Twin Peaks Construction Loan II</b>	1/9/2024	N/A	10.83 %	1.5	—	—
<b>Twin Peaks Construction Loan III</b>	12/28/2023 with One One-Year Extension	N/A	Prime + 1 %	2.2	2.2	—
<b>Twin Peaks Promissory Note</b>	10/4/2024	N/A	5.30 %	1.0	1.0	—
<b>Total debt</b>				<u>\$ 1,190.8</u>	<u>1,152.9</u>	<u>1,008.2</u>
Current portion of long-term debt					( 42.6 )	( 49.6 )
<b>Long-term debt</b>					<u>\$ 1,110.3</u>	<u>\$ 958.6</u>

**Terms of Outstanding Debt**
**FB Royalty Securitization**

On April 26, 2021, FAT Brands Royalty I, LLC ("FB Royalty"), a special purpose, wholly-owned subsidiary of FAT Brands, completed the Offering of three tranches of fixed rate senior secured notes. Net proceeds totaled \$ 140.8 million, which consisted of the combined face amount of \$ 144.5 million, net of debt offering costs of \$ 3.0 million and original issue discount of \$ 0.7 million. A portion of the proceeds was used to repay and retire notes issued in 2021 under the Base Indenture (the "2020 Securitization Notes"). The payoff amount totaled \$ 83.7 million, which included principal of \$ 80.0 million, accrued interest of \$ 2.2 million and prepayment premiums of \$ 1.5 million. The Company recognized a loss on extinguishment of debt of \$ 7.8



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million in connection with the refinance as well as interest expense on the 2020 Securitization Notes in the amount of \$ 2.6 million for the year ended December 26, 2021.

On July 6, 2022, FB Royalty issued an additional \$ 76.5 million aggregate principal amount of three tranches of fixed rate senior secured notes (in millions):

Closing Date	Class	Seniority	Principal Balance	Coupon	Final Legal Maturity Date
7/6/2022	A-2	Senior	\$ 42.7	4.75 %	7/25/2051
7/6/2022	B-2	Senior Subordinated	\$ 14.2	8.00 %	7/25/2051
7/6/2022	M-2	Subordinated	\$ 19.6	9.00 %	7/25/2051

Of the \$ 76.5 million aggregate principal amount, \$ 30.0 million was sold privately during the third quarter of 2022, resulting in net proceeds of \$ 27.1 million (net of debt offering costs of \$ 0.6 million and original issue discount of \$ 2.3 million). The remaining \$ 46.5 million in aggregate principal was sold privately on October 21, 2022, when the Company entered into an Exchange Agreement with the Twin Peaks sellers and redeemed 1,821,831 shares of the Company's 8.25 % Series B Cumulative Preferred Stock at a price of \$ 23.69 per share, plus accrued and unpaid dividends to the date of redemption, in exchange for \$ 46.5 million aggregate principal amount of secured debt (\$ 43.2 million net of debt offering costs and original issue discount).

Prior to the redemption, the Twin Peaks sellers held 2,847,393 shares of Series B Cumulative Preferred Stock, which shares were issued to it on October 1, 2021 as partial consideration for the Company's acquisition of Twin Peaks.

Pursuant to the Exchange Agreement, (i) at any time prior to July 25, 2023, the Company may call from the Twin Peaks sellers all or a portion of the Class M-2 Notes at the outstanding principal balance multiplied by 0.86 , plus any accrued plus unpaid interest thereon; (ii) at any time on or after the date of the Exchange Agreement, the Company may call from the Twin Peaks sellers, and at any time on or after July 25, 2023, the Twin Peaks sellers may put to the Company, all or a portion of the Class A-2 Notes and/or Class B-2 Notes at the outstanding principal balance multiplied by 0.94 , plus any accrued plus unpaid interest thereon; and (iii) at any time on or after July 25, 2023, the Company may call from the Twin Peaks sellers, and the Twin Peaks sellers may put to the Company, all or a portion of the Class M-2 Notes at the outstanding principal balance multiplied by 0.91 , plus any accrued plus unpaid interest thereon. If the Company does not remit the applicable call price or put price upon a duly exercised call or put, as applicable, the amount owed by the Company will accrue interest at 10 % per annum, which interest is due and payable in cash monthly by the Company. On July 13, 2023, pursuant to the Exchange Agreement, the Twin Peaks sellers exercised their put option. As of December 31, 2023, the outstanding principal balance subject to the put/call option was \$ 17.3 million.

As of December 31, 2023, the carrying value of the FB Royalty Securitization Notes was \$ 196.5 million (net of debt offering costs of \$ 2.5 million and original issue discount of \$ 5.8 million). The Company recognized interest expense on the FB Royalty Securitization Notes of \$ 14.4 million for the year ended December 31, 2023, respectively, which includes \$ 1.6 million for amortization of debt offering costs, and \$ 0.7 million for amortization of the original issue discount. The average annualized effective interest rate of the FB Royalty Securitization Notes, including the amortization of debt offering costs and original issue discount, was 8.1 % for the time the debt was outstanding during the year ended December 31, 2023.

The FB Royalty Securitization Notes are generally secured by a security interest in substantially all the assets of FB Royalty and its subsidiaries.

#### GFG Royalty Securitization

In connection with the acquisition of GFG, on July 22, 2021, FAT Brands GFG Royalty I, LLC ("GFG Royalty"), a special purpose, wholly-owned subsidiary of the Company, completed the issuance and sale in a private offering (the "GFG Offering") of three tranches of fixed rate senior secured notes. Net proceeds totaled \$ 338.9 million, which consisted of the combined face amount of \$ 350.0 million, net of debt offering costs of \$ 6.0 million and original issue discount of \$ 5.1 million. Substantially all

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of the proceeds were used to acquire GFG. Immediately following the closing of the acquisition of GFG, the Company contributed the franchising subsidiaries of GFG to GFG Royalty, pursuant to a Contribution Agreement.

On December 15, 2022, GFG Royalty issued an additional \$ 113.5 million aggregate principal amount of three tranches of fixed rate senior secured notes as follows (in millions):

Closing Date	Class	Seniority	Principal Balance	Coupon	Final Legal Maturity Date
12/13/2022	A-2	Senior	\$ 67.8	6.00 %	7/25/2051
12/13/2022	B-2	Senior Subordinated	\$ 20.2	7.00 %	7/25/2051
12/13/2022	M-2	Subordinated	\$ 25.5	9.50 %	7/25/2051

Of the \$ 113.5 million aggregate principal amount, \$ 25.0 million was sold privately during the fourth quarter, resulting in net proceeds of \$ 22.3 million (net of debt offering costs of \$ 0.4 million and original issue discount of \$ 2.3 million). The remaining \$ 88.5 million in aggregate principal was issued to FAT Brands Inc. and has been eliminated in consolidation. In January 2023, an additional \$ 40.0 million aggregate principal amount was sold privately, resulting in net proceeds of \$ 34.8 million. On September 20, 2023, an additional \$ 2.8 million aggregate principal amount was sold privately resulting in net proceeds of \$ 2.5 million. The remaining \$ 45.7 million in aggregate principal amount was issued to FAT Brands, Inc., pending sale to third party investors.

As of December 31, 2023, the carrying value of the GFG Securitization Notes was \$ 406.7 million (net of debt offering costs of \$ 4.7 million and original issue discount of \$ 5.9 million). The Company recognized interest expense on the GFG Securitization Notes of \$ 33.7 million for fiscal year ended December 31, 2023, which includes \$ 1.3 million for amortization of debt offering costs and \$ 3.2 million for amortization of the original issue discount. The average annualized effective interest rate of the GFG Securitization Notes, including the amortization of debt offering costs and original issue discount, was 9.8 % during the fiscal year ended December 31, 2023.

The GFG Securitization Notes are generally secured by a security interest in substantially all the assets of GFG Royalty and its subsidiaries.

Twin Peaks Securitization

In connection with the acquisition of Twin Peaks, on October 1, 2021, the Company completed the issuance and sale in a private offering through its special purpose, wholly-owned subsidiary, FAT Brands Twin Peaks I, LLC, of an aggregate principal amount of \$ 250.0 million. The net proceeds from the sale of the Notes were used by the Company to finance the cash portion of the purchase price for the acquisition of Twin Peaks Buyer, LLC and its direct and indirect subsidiaries. Net proceeds totaled \$ 236.9 million, which consisted of the combined face amount of \$ 250.0 million, net of debt offering costs of \$ 5.6 million and original issue discount of \$ 7.5 million. Substantially all of the proceeds were used to acquire Twin Peaks. Immediately following the closing of the acquisition of Twin Peaks, the Company contributed the franchising subsidiaries of Twin Peaks to FAT Brands Twin Peaks I, LLC, pursuant to a Contribution Agreement.

On September 8, 2023, FAT Brands Twin Peaks I, LLC issued an additional \$ 98.0 million aggregate principal amount of two tranches of fixed rate secured notes to FAT Brands Inc., pending sale to third party investors. Of the \$ 98.0 million aggregate principal amount, \$ 48.0 million was sold privately during the third quarter of 2023 resulting in net proceeds of \$ 45.2 million. A portion of the proceeds was used to purchase \$ 14.9 million aggregate principal amount of outstanding Securitization Notes, which will be held pending re-sale to third party investors. In connection with the bonds repurchased, the Company recognized a \$ 2.7 million net loss on extinguishment of debt. The remaining \$ 50.0 million in aggregate principal of notes issued by FAT Twin Peaks I, LLC was issued to a wholly-owned subsidiary of FAT Brands, Inc., pending sale to third party investors.

As of December 31, 2023, the carrying value of the Twin Peaks Securitization Notes was \$ 271.5 million (net of debt offering costs of \$ 4.2 million and original issue discount of \$ 5.5 million). The Company recognized interest expense on the Twin Peaks Securitization Notes of \$ 23.8 million for year ended December 31, 2023, which includes \$ 3.8 million for amortization of debt offering costs and \$ 2.4 million for amortization of the original issue discount. The effective interest rate of the Twin Peaks Securitization Notes, including the amortization of debt offering costs and original issue discount, was 11.6 % during the year ended December 31, 2023.

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The Twin Peaks Securitization Notes are generally secured by a security interest in substantially all the assets of FAT Brands Twin Peaks I, LLC, and its subsidiaries.

### Fazoli's / Native Securitization

In connection with the acquisition of Fazoli's and Native Grill & Wings, on December 15, 2021, the Company completed the issuance and sale in a private offering through its special purpose, wholly-owned subsidiary, FAT Brands Fazoli's Native I, LLC, of an aggregate principal amount of \$ 193.8 million. Net proceeds totaled \$ 180.6 million, which consisted of the combined face amount of \$ 193.8 million, net of debt offering costs of \$ 3.8 million and original issue discount of \$ 9.4 million. The proceeds were used to close the acquisitions of Fazoli's and Native, and to provide working capital for the Company. Immediately following the closing of the acquisition of Fazoli's and Native, the Company contributed the franchising subsidiaries of these entities to FAT Brands Fazoli's Native I, LLC, pursuant to a Contribution Agreement.

As of December 31, 2023, the carrying value of the Fazoli's-Native Securitization Notes was \$ 164.1 million (net of debt offering costs of \$ 2.5 million and original issue discount of \$ 6.0 million). The Company recognized interest expense on the Fazoli's-Native Securitization Notes of \$ 13.9 million for the fiscal year ended December 31, 2023, which includes \$ 1.2 million for amortization of debt offering costs and \$ 2.8 million for amortization of the original issue discount. The effective interest rate of the Fazoli's-Native Securitization Notes, including the amortization of debt offering costs and original issue discount, was 10.1 % during the year ended December 31, 2023.

The Fazoli's-Native Securitization Notes are generally secured by a security interest in substantially all the assets of FAT Brands Fazoli's Native I, LLC and its subsidiaries.

### FB Resid Holdings I, LLC

On July 8, 2023, FB Resid Holdings I, LLC ("FB Resid"), a special purpose, wholly-owned subsidiary of FAT Brands, completed the issuance of two tranches of fixed rate secured notes with a total aggregate principal amount of \$ 150.0 million. Of the \$ 150.0 million aggregate principal amount, \$ 105.8 million was sold privately, resulting in net proceeds of \$ 105.3 million. A portion of the proceeds was used to purchase \$ 64.6 million of outstanding Securitization Notes, which will be held pending re-sale to third party investors. The remaining \$ 44.2 million in aggregate principal of notes issued by FB Resid was issued to a wholly-owned subsidiary of FAT Brands, Inc., pending sale to third party investors.

### Terms and Debt Covenant Compliance

The FAT Royalty securitization notes, the GFG Royalty securitization notes, the Twin Peaks securitization notes, the Fazoli's/Native securitization notes and the FB Resid notes (collectively, the "Securitization Notes") require that the principal (if any) and interest obligations be segregated to ensure appropriate funds are reserved to pay the quarterly principal and interest amounts due. The amount of monthly cash flow that exceeds the required monthly interest reserve is generally remitted to the Company. Interest payments are required to be made on a quarterly basis. Beginning July 26, 2023, additional interest equal to 1.0 % per annum and principal payments equal to 2.0 % per annum of the initial principal amount on the FAT Royalty securitization notes, the GFG Royalty securitization notes, the Twin Peaks securitization notes and the Fazoli's/Native securitization notes will be made on the scheduled quarterly payment dates.

The material terms of the Securitization Notes contain covenants which are standard and customary for these types of agreements, including the following financial covenants: (i) debt service coverage ratio, (ii) leverage ratio, and (iii) senior leverage ratio. As of December 31, 2023, the Company was in compliance with these covenants.

### Elevation Note

On June 19, 2019, the Company completed the acquisition of Elevation Burger. A portion of the purchase price included the issuance to the Seller of a convertible subordinated promissory note (the "Elevation Note") with a principal amount of \$ 7.5 million, bearing interest at 6.0 % per year and maturing in July 31, 2026. The Elevation Note is convertible under certain circumstances into shares of the Company's common stock at \$ 12.00 per share. In connection with the valuation of the acquisition of Elevation Burger, the Elevation Note was recorded on the financial statements of the Company at \$ 6.1 million, net of a loan discount of \$ 1.3 million and debt offering costs of \$ 0.1 million.

As of December 31, 2023, the carrying value of the Elevation Note was \$ 3.0 million which is net of the loan discount of \$ 0.4 million and debt offering costs of \$ 35,329 . In June 2022, pursuant to the claw-back provision of the purchase agreement, the balance of the Elevation Note was reduced by \$ 1.0 million to \$ 6.5 million. The Company recognized interest expense relating

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to the Elevation Note during the fiscal year ended December 31, 2023 in the amount of \$ 0.2 million, which included amortization of the loan discount of \$ 0.2 million and amortization of \$ 10,191 in debt offering costs. The Company recognized interest expense relating to the Elevation Note during the year ended December 25, 2022 in the amount of \$ 0.6 million, which included amortization of the loan discount of \$ 0.2 million and amortization of \$ 10,191 in debt offering costs. The effective interest rate for the Elevation Note during the year ended December 31, 2023 was 12.1 %.

The Elevation Note is a general unsecured obligation of Company and is subordinated in right of payment to all indebtedness of the Company arising under any agreement or instrument to which Company or any of its Affiliates is a party that evidences indebtedness for borrowed money that is senior in right of payment.

### Equipment Financing (Twin Peaks)

During fiscal year 2022, an indirect subsidiary of the Company entered into certain equipment financing arrangements to borrow up to \$ 1.4 million, the proceeds of which will be used to purchase certain equipment for a new Twin Peaks restaurant and to retrofit existing restaurants with equipment (the "Equipment Financing"). The Equipment Financing has maturity dates between August 10, 2027 and April 1, 2028, and bear interest at fixed rates between 7.99 % and 8.49 % per annum. The Equipment Financing is secured by certain equipment of the Twin Peaks restaurant.

### Construction Loan Agreement (Twin Peaks)

On July 12, 2022, an indirect subsidiary of the Company entered into a construction loan agreement, the proceeds of which were used for a new corporate Twin Peaks in Northlake, TX. The loan was paid in full in December 2022.

On December 5, 2022, an indirect subsidiary of the Company entered into a construction loan agreement to borrow up to \$ 4.5 million, the proceeds of which will be used for a new corporate Twin Peaks restaurant (the "Construction Loan"). The Construction Loan has an initial maturity of August 5, 2023, with an optional six-month extension, bearing interest at the greater of the 3-month Secured Overnight Financing Rate (SOFR) plus 360 basis points, or 8 % per year, and is secured by land and building. In August 2023, management extended the maturity to February 5, 2024. On December 26, 2023, the loan was paid in full as part of a sale leaseback transaction.

On March 9, 2023, an indirect subsidiary of the Company entered into a construction loan agreement to borrow up to \$ 4.5 million, the proceeds of which will be used for a new corporate Twin Peaks in Sarasota, Florida (the "Sarasota Construction Loan"). The Sarasota Construction Loan has an initial maturity of January 9, 2024, with an optional three-month extension, bearing interest at the greater of the 3-month Overnight Financing Rate (SOFR) plus 575 basis points or 4 % per year and is secured by land and building. On September 27, 2023, the loan was paid in full as part of a sale leaseback transaction.

On December 28, 2023, an indirect subsidiary of the Company entered into a construction loan agreement to borrow up to \$ 4.75 million, the proceeds of which will be used for a new corporate Twin Peaks in McKinney, TX (the "McKinney Construction Loan"). The McKinney Construction Loan has an initial maturity of December 28, 2024, with an optional 12 -month extension, bearing interest at Wall Street Journal Prime plus 100 basis per year and is secured by land and building.

### Promissory Note (Twin Peaks)

On December 4, 2023, an indirect subsidiary of the Company purchased all member interest units of a joint venture entity for \$ 1.3 million in the form of a \$ 0.3 million cash payment and 10 equal monthly payments of \$ 0.1 million beginning in January 2024. The \$ 1.0 million promissory note bears interest of 5.3 %.

### Paycheck Protection Program Loans

During 2020, the Company received loan proceeds in the amount of approximately \$ 1.5 million under the Paycheck Protection Program Loans (the "PPP Loans") and Economic Injury Disaster Loan Program (the "EIDL Loans"). The Paycheck Protection Program, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

At inception, the PPP Loans and EIDL Loans related to FAT Brands Inc. and five restaurant locations that were part of the Company's refranchising program. During 2021, the Company received confirmation that the entire balance remaining on the

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PPP Loans, plus accrued interest, had been forgiven under the terms of the program. The Company recognized interest expense of \$ 4,000 and a gain on extinguishment of debt in the amount of \$ 1.2 million relating to the PPP Loans and EIDL Loans during the fiscal year ended December 26, 2021.

Scheduled Principal Maturities

Scheduled principal maturities of long-term debt and redemptions of redeemable preferred stock (Note 12) for the next five fiscal years are as follows (in millions):

Fiscal Year	Long-Term Debt		Redeemable Preferred Stock (Note 12)	
2024	\$	27.5	\$	91.8
2025	\$	24.9	\$	—
2026	\$	23.2	\$	—
2027	\$	129.0	\$	—
2028	\$	22.9	\$	—

**NOTE 11. PREFERRED STOCK**Series B Cumulative Preferred Stock

On July 13, 2020, the Company entered into an underwriting agreement (the "Underwriting Agreement") to issue and sell, in a public offering (the "Offering"), 360,000 shares of 8.25 % Series B Cumulative Preferred Stock ("Series B Preferred Stock") and 1,800,000 warrants, plus 99,000 additional warrants pursuant to the underwriter's overallotment option (the "2020 Series B Offering Warrants"), to purchase common stock at \$ 5.00 per share (Note 15).

In connection with the Offering, on July 15, 2020 the Company filed an Amended and Restated Certificate of Designation of Rights and Preferences of Series B Cumulative Preferred Stock with the Secretary of State of Delaware, designating the terms of the Series B Preferred Stock (the "Certificate of Designation").

The Certificate of Designation amends and restates the terms of the Series B Cumulative Preferred Stock issued in October 2019 (the "Original Series B Preferred"). At the time of the Offering, there were 57,140 shares of the Original Series B Preferred outstanding, together with warrants to purchase 34,284 shares of the Company's common stock at an exercise price of \$ 8.50 per share (the "Series B Warrants").

Holders of Series B Cumulative Preferred Stock do not have voting rights and are entitled to receive, when declared by the Board, cumulative preferential cash dividends at a rate per annum equal to the 8.25 % multiplied by \$ 25.00 per share stated liquidation preference of the Series B Preferred Stock. The dividends shall accrue without interest and accumulate, whether or not earned or declared, on each issued and outstanding share of the Series B Preferred Stock from (and including) the original date of issuance of such share and shall be payable monthly in arrears on a date selected by the Company each calendar month that is no later than twenty days following the end of each calendar month.

If the Company fails to pay dividends on the Series B Preferred Stock in full for any twelve accumulated, accrued and unpaid dividend periods, the dividend rate shall increase to 10.0 % until the Company has paid all accumulated accrued and unpaid dividends on the Series B Preferred Stock in full and has paid accrued dividends during the two most recently completed dividend periods in full, at which time the 8.25 % dividend rate shall be reinstated.

The Company may redeem the Series B Preferred Stock, in whole or in part, at the option of the Company, for cash, at the following redemption price per share, plus any unpaid dividends:

- i. After July 16, 2023 and on or prior to July 16, 2024: \$ 26.00 per share.
- ii. After July 16, 2024 and on or prior to July 16, 2025: \$ 25.50 per share.
- iii. After July 16, 2025: \$ 25.00 per share.

As a result of the amended and restated terms of the Series B Cumulative Preferred Stock, the Company classified the Series B Preferred Stock as equity as of July 15, 2020.

In addition to the shares issued in the Offering, The Company concurrently engaged in the following transactions:

- The holders of the outstanding 57,140 shares of Original Series B Preferred became subject to the new terms of the Certificate of Designation. At the time of the amendment and restatement of the Certificate of Designation, the adjusted basis of the Original Series B Preferred on the Company's books was \$ 1.1 million, net of unamortized debt discounts and debt offering costs. As a result of the amendment and restatement of the Certificate of Designation, the recorded value of the new Series B Stock was \$ 1.1 million with \$ 0.3 million allocated to the 2020 Series B Offering Warrants, resulting in an aggregate loss on the exchange of \$ 0.3 million. The original holders were also issued 3,537 shares of new Series B Preferred Shares in payment of \$ 0.1 million accrued and outstanding dividends relating to the Original Series B Preferred at a price of \$ 25.00 per share.
- The Company entered into an agreement to exchange 15,000 shares of Series A Fixed Rate Cumulative Preferred Stock owned by FCCG for 60,000 shares of Series B Preferred Stock valued at \$ 1.5 million, pursuant to a Settlement, Redemption and Release Agreement. At the time of the exchange, the adjusted basis of the Series A Preferred on the Company's books was \$ 1.5 million, net of unamortized debt discounts and debt offering costs, and the Company recognized a loss on the exchange in the amount of \$ 11,000 . The Company also agreed to issue 14,449 shares of Series B Preferred Stock valued at \$ 0.4 million as consideration for accrued dividends due to FCCG.
- The Company entered into an agreement to exchange all of the outstanding shares of Series A-1 Fixed Rate Cumulative Preferred Stock for 168,001 shares of Series B Preferred Stock valued at \$ 4.2 million, pursuant to a Settlement, Redemption and Release Agreement with the holders of such shares. At the time of the exchange, the adjusted basis of the Series A-1 Preferred Stock on the Company's books was \$ 4.4 million, net of unamortized debt discounts and debt offering costs, and the Company recognized a gain on the exchange in the amount of \$ 0.2 million.

On June 22, 2021, the Company closed a second underwritten public offering of 460,000 shares of 8.25 % Series B Cumulative Preferred Stock at a price of \$ 20.00 per share. The net proceeds to the Company totaled \$ 8.3 million (net of \$ 0.9 million in underwriting discounts and other offering expenses).

On August 25, 2021, the Company redeemed the final 80,000 shares of outstanding Series A Preferred Stock held by Trojan Investments, LLC, with a redemption value of \$ 8.0 million, plus accrued dividends thereon in the amount of \$ 1.6 million, in exchange for 478,199 shares of Series B Preferred Stock valued at \$ 10.8 million. The Company recognized a loss on extinguishment of debt in the amount of \$ 1.2 million resulting from the redemption of the Series A Preferred Stock. The loss on extinguishment of debt was recognized during the fourth quarter of 2021 and was deemed by the Company to be immaterial to the third quarter 2021 financial statements. Following this transaction, the Company no longer has outstanding shares of its Series A Preferred Stock and has cancelled all shares. The Company had accounted for the Series A Preferred Stock as debt and recognized interest expense on the Series A Preferred Stock of \$ 0.7 million for the fiscal year ended December 26, 2021.

On November 1, 2021, the Company closed an additional underwritten public offering of 1,000,000 shares of 8.25 % Series B Cumulative Preferred Stock at a price of \$ 18.00 per share. The net proceeds to the Company totaled \$ 16.8 million (net of \$ 1.2 million in underwriting discounts and other offering expenses).

On November 14, 2022, we entered into an ATM Sales Agreement (the "Sales Agreement") with ThinkEquity LLC (the "Agent"), pursuant to which we may offer and sell from time to time through the Agent up to \$ 21,435,000 maximum aggregate offering price of shares of our Class A Common Stock and/or 8.25 % Series B Cumulative Preferred Stock. During fiscal year 2023, pursuant to the Sales Agreement, we sold and issued 339,650 shares of Series B Cumulative Preferred Stock, at a weighted average share price of \$ 15.60 , paid the Agent commissions of \$ 158,994 for such sales and received net proceeds of \$ 5,139,178 (net of fees and commissions) for such sales. During the fourth quarter and fiscal year 2022, pursuant to the Sales Agreement, (i) we sold and issued 1,648 shares of Class A Common Stock, at a weighted average share price of \$ 7.04 , paid the Agent commissions of \$ 348 and received net proceeds of \$ 11,260 (net of fees and commissions) for such sales and (ii) we sold and issued 30,683 shares of Series B Cumulative Preferred Stock, at a weighted average share price of \$ 18.13 , paid the Agent commissions of \$ 16,692 for such sales and received net proceeds of \$ 539,698 (net of fees and commissions) for such sales.

As of December 31, 2023, the Series B Preferred Stock consisted of 3,591,804 shares outstanding with a balance of \$ 44.1 million. The Company declared preferred dividends to the holders of the Series B Preferred Stock totaling \$ 7.0 million during the fiscal year ended December 31, 2023. As of December 25, 2022, the Series B Preferred Stock consisted of 3,252,154 shares outstanding with a balance of \$ 45.5 million. The Company declared preferred dividends to the holders of the Series B Preferred Stock totaling \$ 6.6 million during the fiscal year ended December 25, 2022. These amounts do not include 5,936,638 shares of Series B Preferred Stock classified as redeemable preferred stock due to associated put options granted to the holders by the Company (see Note 12).

## **NOTE 12. REDEEMABLE PREFERRED STOCK**

### GFG Preferred Stock Consideration

On July 22, 2021, the Company completed the acquisition of GFG. A portion of the consideration paid included 3,089,245 newly issued shares of the Company's Series B Cumulative Preferred Stock valued at \$ 67.3 million (the "GFG Preferred Stock Consideration"). Additionally, on July 22, 2021, the Company entered into a put/call agreement with the GFG sellers, pursuant to which the Company may purchase, or the GFG Sellers may require the Company to purchase, the GFG Preferred Stock Consideration for \$ 67.5 million plus any accrued but unpaid dividends on or before August 20, 2022 (extended from the original date of April 22, 2022), subject to the other provisions of the Put/Call Agreement. Since the Company did not deliver the applicable cash proceeds to the GFG Sellers by that date, the amount accrues interest at the rate of 5 % per annum until repayment is completed. On March 22, 2022, the Company received a put notice on the GFG Preferred Stock Consideration and reclassified the GFG Preferred Stock Consideration from redeemable preferred stock to current liabilities on its consolidated balance sheet. As of December 31, 2023, the carrying value of the redeemable preferred stock was \$ 67.5 million.

On September 16, 2022, the Company entered into an agreement with one of the GFG sellers who held 1,544,623 put preferred shares. Pursuant to the agreement, effective August 23, 2022, the interest rate applicable to such holder's 1,544,623 put shares was increased from 5 % to 10 % per annum, payable monthly in arrears. In the fiscal year ended December 31, 2023, the Company paid \$ 3.4 million for the accrued interest.

On March 9, 2023, the Company entered into an agreement with the second GFG seller who held 1,544,623 put preferred shares. Pursuant to the agreement, effective August 23, 2022, the interest rate applicable to such holder's 1,544,623 put shares was increased from 5 % to 10 % per annum, payable on the date of redemption.

### Twin Peaks Preferred Stock Consideration

On October 1, 2021, the Company completed the acquisition of Twin Peaks. A portion of the consideration paid included 2,847,393 shares of the Company's Series B Cumulative Preferred Stock (the "Twin Peaks Preferred Stock Consideration") valued at \$ 67.5 million.

On October 1, 2021, the Company and the Twin Peaks Seller entered into a Put/Call Agreement (the "Put/Call Agreement") pursuant to which the Company was granted the right to call from the Twin Peaks Seller, and the Twin Peaks Seller was granted the right to put to the Company, the Initial Put/Call Shares at any time until March 31, 2022 for a cash payment of \$ 42.5 million, and the Secondary Put/Call Shares at any time until September 30, 2022 for a cash payment of \$ 25.0 million (the Initial Put/call Shares together with the Secondary Put/Call Shares total \$ 67.5 million), plus any accrued but unpaid dividends on such shares. Unpaid balances, when due, accrue interest at a rate of 10.0 % per annum until repayment is completed. On October 7, 2021, the Company received a put notice on the Initial Put/Call Shares and the Secondary Put/Call Shares and, therefore, classified them in current liabilities in its consolidated balance sheet.

On October 21, 2022, the Company entered into an Exchange Agreement with the Twin Peaks Seller and redeemed 1,821,831 shares of the Company's 8.25 % Series B Cumulative Preferred Stock at a price of \$ 23.69 per share, plus accrued and unpaid dividends to the date of redemption in exchange for \$ 46.5 million aggregate principal amount of secured debt (\$ 43.2 million net of debt offering costs and original issue discount) as discussed in Note 10.

As of December 31, 2023, the carrying value of the Twin Peaks Preferred Stock Consideration totaled \$ 24.3 million. The Company recognized interest expense relating to the Twin Peaks Preferred Stock Consideration in the amount of \$ 2.4 million during the year ended December 31, 2023.

## **NOTE 13. STOCKHOLDERS' EQUITY AND DIVIDENDS ON COMMON STOCK**

On August 16, 2021, the Company filed its Second Amended and Restated Certificate of Incorporation (the "Amended Certificate") with the Secretary of State of the State of Delaware, which among other things, (i) authorized 50,000,000 shares of Class A Common Stock and 1,600,000 shares of Class B Common Stock, and (ii) reclassified the Company's outstanding shares of Common Stock as Class A Common Stock as of such date (the "Recapitalization"). Prior to the Recapitalization, the Company's authorized common shares totaled 51,600,000 in a single class.

The terms of the Amended Certificate require equal or better treatment for the Class A Common Stock to the Class B Common Stock in transactions such as distributions, mergers, dissolution or recapitalization. Generally, each holder of shares of Class A Common Stock shall be entitled to 1 vote for each share of Class A Common Stock held as of the applicable date on any matter



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that is submitted to a vote or for the consent of the stockholders of the Corporation, while each holder of shares of Class B Common Stock shall be entitled to 2,000 votes for each share of Class B Common Stock held as of the applicable date on any matter that is submitted to a vote or for the consent of the stockholders of the Corporation. The foregoing is qualified in its entirety by reference to the full text of the Amended Certificate, which is filed as Exhibit 3.1 on the Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 19, 2021 and incorporated by reference herein.

On October 15, 2021, the Board of Directors of the Company approved an amendment and restatement (the "Amendment") of the Company's Bylaws, effective as of the same date. The Amendment revised the stockholder voting provisions of the Bylaws to reflect the dual class common stock structure adopted by the Company in August 2021. In addition, the Amendment revised the provisions in the Bylaws for stockholder voting by written consent and the procedure for fixing the size of the Board of Directors and made certain other conforming changes.

As of December 31, 2023 and December 25, 2022, the total number of authorized shares of Class A and Class B common stock was 51,600,000. There were 15,629,294 shares of Class A common stock and 1,270,805 shares of Class B common stock outstanding at December 31, 2023, and 15,300,870 shares of Class A common stock and 1,270,805 shares of Class B common stock issued and outstanding at December 25, 2022.

Below are the changes to the Company's common stock during the fiscal year ended December 31, 2023:

- Warrants to purchase 342,290 shares of Class A common stock were exercised during the year ended December 31, 2023. The proceeds to the Company from the exercise of the warrants totaled \$ 0.7 million.
- The Company granted 25,000 restricted shares of Class A common stock to an employee. One-third of the shares vested immediately and the remaining shares will vest over the next 2 years in equal installments at the anniversary date of grant. The value of the restricted stock grant was \$ 0.1 million and will be amortized as compensation expense over the vesting period.
- A total of 126,134 shares of Class A common stock were issued.
- On January 3, 2023, the Board of Directors declared a cash dividend of \$ 0.14 per share of Class A and Class B common stock, payable on March 1, 2023 to stockholders of record as of February 15, 2023, for a total of \$ 2.3 million.
- On April 4, 2023, the Board of Directors declared a cash dividend of \$ 0.14 per share of Class A and Class B common stock, payable on June 1, 2023 to stockholders of record as of May 15, 2023, for a total of \$ 2.3 million.
- On July 11, 2023, the Board of Directors declared a cash dividend of \$ 0.14 per share of Class A and Class B common stock, payable on September 1, 2023 to stockholders of record as of August 15, 2023, for a total of \$ 2.3 million.
- On October 3, 2023, the Board of Directors declared a cash dividend of \$ 0.14 per share of Class A and Class B common stock, payable on December 1, 2023 to stockholders of record as of November 15, 2023, for a total of \$ 2.4 million.

Below are the changes to the Company's common stock during the fiscal year ended December 25, 2022:



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- Warrants to purchase 36,362 shares of Class A common stock were exercised during the year ended December 25, 2022. The proceeds to the Company from the exercise of the warrants totaled \$ 0.7 million.
- The Company granted 150,000 restricted shares of Class A common stock to Board members. The shares vest over 3 years in equal installments at the anniversary date of grant. The value of the restricted stock grant was \$ 1.2 million and will be amortized as compensation expense over the vesting period.
- On January 11, 2022, the Board of Directors declared a cash dividend of \$ 0.13 per share of Class A and Class B common stock, payable on March 1, 2022 to stockholders of record as of February 15, 2022, for a total of \$ 2.2 million.
- On April 12, 2022, the Board of Directors declared a cash dividend of \$ 0.13 per share of Class A and Class B common stock, payable on June 1, 2022 to stockholders of record as of May 16, 2022, for a total of \$ 2.1 million.
- On July 12, 2022, the Board of Directors declared a cash dividend of \$ 0.14 per share of Class A and Class B common stock, payable on September 1, 2022 to stockholders of record as of August 16, 2022, for a total of \$ 2.3 million.
- On October 25, 2022, the Board of Directors declared a cash dividend of \$ 0.14 per share of Class A and Class B common stock, payable on December 1, 2022 to stockholders of record as of November 15, 2022, for a total of \$ 2.3 million.
- On May 3, 2022, one non-employee member of the Board of Directors elected to receive a portion of his compensation in shares of the Company's Class A common stock in lieu of cash. As such, the Company issued a total of 4,761 shares of Class A common stock with a value of \$ 30,000 to the electing director as consideration for accrued director's fees.

### NOTE 14. SHARE-BASED COMPENSATION

Effective September 30, 2017, the Company adopted the 2017 Omnibus Equity Incentive Plan (the "Plan"). The Plan was amended on December 20, 2022 to increase the number of shares available for issuance under the Plan. The Plan is a comprehensive incentive compensation plan under which the Company can grant equity-based and other incentive awards to officers, employees and directors of, and consultants and advisers to, FAT Brands Inc. and its subsidiaries. The Plan provides a maximum of 5,000,000 shares available for grant.

The Company has periodically issued stock options under the Plan. All of the stock options issued by the Company to date have included a vesting period of three years, with one-third of each grant vesting annually. The Company's stock option activity for fiscal year ended December 31, 2023 can be summarized as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Stock options outstanding at December 25, 2022	2,748,906	\$ 10.06	8.3
Grants	795,723	\$ 5.80	9.4
Forfeited	( 501,277 )	\$ 8.48	8.6
Exercised	( 153,180 )	\$ 5.02	6.4
Stock options outstanding at December 31, 2023	2,890,172	\$ 9.39	7.8
Stock options exercisable at December 31, 2023	1,525,531	\$ 10.52	7.0

The range of assumptions used in the Black-Scholes valuation model to value to options granted in 2023 are as follows:

Expected dividend yield	7.9 % - 10.4 %
Expected volatility	81.0 %
Risk-free interest rate	3.4 % - 4.9 %
Expected term (in years)	6.0

During the year ended December 31, 2023, the Company granted 25,000 restricted shares of Class A common stock to an employee. One-third of the shares vested immediately and the remaining shares will vest over the next 2 years in equal installments at the anniversary date of grant. The grantees are entitled to any common dividends relating to the granted shares

during the vesting period. The granted shares were valued at \$ 0.1 million as of the date of grant. The related compensation expense will be recognized over the vesting period.

The Company recognized share-based compensation expense in the amount of \$ 3.6 million and \$ 7.7 million during the fiscal years ended December 31, 2023 and December 25, 2022, respectively. As of December 31, 2023, there remains \$ 2.3 million of share-based compensation expense relating to non-vested grants, which will be recognized over the remaining vesting period, subject to future forfeitures.

#### NOTE 15. WARRANTS

As of December 31, 2023, the Company had issued outstanding warrants to purchase shares of its Class A common stock as follows:

Issue Date	Number of Warrants Outstanding	Commencement Date	Termination Date	Exercise Price	Value at Grant Date (In Thousands)
06/19/2019	46,875	12/24/2020	06/19/2024	\$ 7.27	N/A (1)
10/03/2019	60	10/03/2019	10/03/2024	\$ 7.73	\$ —
07/16/2020	982,855	12/24/2020	07/16/2025	\$ 3.76	\$ 1,163
07/16/2020	18,648	12/24/2020	07/16/2025	\$ 3.76	\$ 64
	<u>1,048,438</u>				

(1)

Values were not calculated at the issue date because the warrants were only exercisable in the event of a merger involving the Company and FCCG.

In addition to the warrants to purchase common stock described above, the Company has also granted warrants issued on July 16, 2020, to purchase 3,600 shares of the Company's Series B Preferred Stock at an exercise price of \$ 24.95 per share, exercisable beginning on the earlier of one year from the date of issuance, or the consummation of a merger or other similar business combination transaction involving the Company and FCCG, and will expire on July 16, 2025.

The Company's activity in warrants to purchase Class A common stock for the fiscal year ended December 31, 2023 was as follows:

	Number of Shares	Weighted Average Exercise Price (1)	Weighted Average Remaining Contractual Life (Years)
Warrants outstanding at December 25, 2022	1,591,256	\$ 3.88	2.4
Exercised	( 342,290 )	\$ 2.99	1.5
Expired	( 200,528 )	\$ 7.06	—
Warrants outstanding at December 31, 2023	<u>1,048,438</u>	\$ 2.95	1.6
Warrants exercisable at December 31, 2023	<u>1,048,438</u>	\$ 2.95	1.6

(1) Exercise price adjusted due to cash dividends and Class B stock dividend.

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The Company's warrant activity for the fiscal year ended December 25, 2022 was as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Warrants outstanding at December 26, 2021	1,707,670	\$ 4.72	3.2
Exercised	( 34,714 )	\$ 3.57	2.6
Cancelled	( 81,700 )	\$ 13.35	—
Warrants outstanding at December 25, 2022	1,591,256	\$ 3.88	2.4
Warrants exercisable at December 25, 2022	1,591,256	\$ 3.88	2.4

During the fiscal year ended December 31, 2023, a total of 342,290 warrants were exercised in exchange for 342,290 shares of common stock with net proceeds to the Company of \$ 0.7 million.

The range of assumptions used to establish the initial value of the warrants using the Black-Scholes valuation model were as follows:

	Warrants
Expected dividend yield	4.00 % - 6.63 %
Expected volatility	30.23 % - 31.73 %
Risk-free interest rate	0.99 % - 1.91 %
Expected term (in years)	3.8 - 5.0

#### NOTE 16. COMMITMENTS AND CONTINGENCIES

##### Litigation and Investigations

**James Harris and Adam Vignola, derivatively on behalf of FAT Brands, Inc. v. Squire Junger, James Neuhauser, Edward Rensi, Andrew Wiederhorn, Fog Cutter Holdings, LLC and Fog Cutter Capital Group, Inc., and FAT Brands Inc., nominal defendant (Delaware Chancery Court, Case No. 2021-0511)**

On June 10, 2021, plaintiffs James Harris and Adam Vignola ("Plaintiffs"), putative stockholders of the Company, filed a shareholder derivative action in the Delaware Court of Chancery nominally on behalf of the Company against the Company's current and former directors (Squire Junger, James Neuhauser, Edward Rensi and Andrew Wiederhorn (the "Individual Defendants")), and the Company's majority stockholders, Fog Cutter Holdings, LLC and Fog Cutter Capital Group, Inc. (collectively with the Individual Defendants, "Defendants"). Plaintiffs assert claims of breach of fiduciary duty, unjust enrichment and waste of corporate assets arising out of the Company's December 2020 merger with Fog Cutter Capital Group, Inc. Defendants filed a motion to dismiss Plaintiffs' complaint, which the Court denied in an oral ruling on February 11, 2022 and subsequent written order on May 25, 2022. On April 7, 2022, the Court entered a Scheduling Order setting forth the key dates and deadlines that would govern the litigation, including a discovery cutoff of March 24, 2023 and trial date of February 5-9, 2024. To date, the parties have engaged in substantial written discovery, though no depositions have been taken. On February 3, 2023, the Company's board of directors appointed a Special Litigation Committee ("SLC"), which retained independent counsel and moved for a six-month stay of the action pending resolution of the SLC's investigation, which the Court granted on February 17, 2023. On April 5, 2023, the Court granted Plaintiffs' motion to lift the stay of the proceedings, and entered a Second Amended Pre-Trial Scheduling Order resetting key dates and deadlines, including a fact discovery cutoff of August 4, 2023, and a trial date to be set sometime after May 10, 2024. On May 4, 2023, a new SLC was appointed, and on May 8, 2023, the new SLC moved for a six-month stay of the action pending resolution of its investigation. Two days later, on May 10, 2023, the United States of America moved for a partial stay of discovery pending its own investigation. On May 31, 2023, the Court granted the United States of America's Motion, except that it granted a six-month stay of all proceedings in the action, and on that basis deemed the SLC's motion to be moot. On December 4, 2023, the stay of all proceedings was extended through March 3, 2024, and on March 1, 2024, the stay of all proceedings was extended to June 3, 2024. Defendants dispute the allegations of the lawsuit and intend to vigorously defend against the claims. We cannot predict the outcome of this lawsuit. This lawsuit does not assert any claims against the Company. However, subject to certain limitations, we are obligated to indemnify our directors in connection with defense costs for the lawsuit and any related litigation, which may exceed coverage.

provided under our insurance policies, and thus could have an adverse effect on our financial condition. The lawsuit and any related litigation also may be time-consuming and divert the attention and resources of our management.

***James Harris and Adam Vignola, derivatively on behalf of FAT Brands, Inc. v. Squire Junger, James Neuhauser, Edward Rensi, Andrew Wiederhorn and Fog Cutter Holdings, LLC, and FAT Brands Inc., nominal defendant (Delaware Chancery Court, Case No. 2022-0254)***

On March 17, 2022, plaintiffs James Harris and Adam Vignola ("Plaintiffs"), putative stockholders of the Company, filed a shareholder derivative action in the Delaware Court of Chancery nominally on behalf of the Company against the Company's current and former directors (Squire Junger, James Neuhauser, Edward Rensi and Andrew Wiederhorn (the "Individual Defendants")), and the Company's majority stockholder, Fog Cutter Holdings, LLC (collectively with the Individual Defendants, "Defendants"). Plaintiffs assert claims of breach of fiduciary duty in connection with the Company's June 2021 recapitalization transaction. On May 27, 2022, Defendants filed a motion to dismiss Plaintiff's complaint (the "Motion"). Argument on the Motion was heard on November 17, 2022, and again on February 23, 2023, and the Court took its decision under advisement. The Court denied the motion on April 5, 2023. On May 2, 2023, the Court entered a pre-trial scheduling order setting key dates and deadlines that will govern the litigation, including a fact discovery cutoff of February 2, 2024, and a trial date to be set sometime after October 15, 2024. On July 21, 2023, the Company's board of directors appointed a Special Litigation Committee ("SLC"), which retained independent counsel and moved for a six-month stay of the action pending resolution of the SLC's investigation. On August 10, 2023, the parties filed a stipulation to stay the case for six months, conditioned upon Defendants continuing to review the documents in response to Plaintiffs' First Requests for Production and to produce non-privileged responsive documents to the SLC and to Plaintiffs no later than December 1, 2023. The Court granted the stipulation the same day. In accordance with the stipulation, Defendants produced documents to the SLC and Plaintiffs by the December 1, 2023 deadline. On February 7, 2024, the SLC requested, and the Court granted, an extension of the stay of all proceedings through May 6, 2024, granting the SLC an additional 90 days to complete its investigation. Defendants dispute the allegations of the lawsuit and intend to vigorously defend against the claims. As this matter is still in the early stages, we cannot predict the outcome of this lawsuit. This lawsuit does not assert any claims against the Company. However, subject to certain limitations, we are obligated to indemnify our directors in connection with defense costs for the lawsuit and any related litigation, which may exceed coverage provided under our insurance policies, and thus could have an adverse effect on our financial condition. The lawsuit and any related litigation also may be time-consuming and divert the attention and resources of our management.

***Government Investigations***

In December 2021, the U.S. Attorney's Office for the Central District of California (the "U.S. Attorney") and the U.S. Securities and Exchange Commission (the "SEC") informed the Company that they had opened investigations relating to the Company and our former Chief Executive Officer, Andrew Wiederhorn, and were formally seeking documents and materials concerning, among other things, the Company's December 2020 merger with Fog Cutter Capital Group Inc., transactions between those entities and Mr. Wiederhorn, as well as compensation, extensions of credit and other benefits or payments received by Mr. Wiederhorn or his family from those entities prior to the merger. From August 23, 2022 until March 28, 2023, our Board of Directors maintained a Special Review Committee comprised of directors other than Mr. Wiederhorn to oversee a review of the issues raised by the U.S. Attorney and SEC investigations. The Company intends to cooperate with the U.S. Attorney and the SEC regarding these matters and is continuing to actively respond to inquiries and requests from the U.S. Attorney and the SEC. At this stage, we are not able to reasonably estimate or predict the outcome or duration of either of the U.S. Attorney's or the SEC's investigations.

On February 15, 2024, the Company, Andrew Wiederhorn and one current and one former officer of the Company each received a "Wells Notice" from the Staff of the SEC. The Wells Notice issued to the Company alleges violations of Securities Act Section 17(a)(2), and Exchange Act Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), 13(k), and 14(a) and Rules 10b-5(b), 12b-20, 13a-1, 13a-13, 14a-3, and 14a-9 thereunder, relating solely to conduct occurring during or prior to fiscal year 2020. A Wells Notice is neither a formal charge of wrongdoing nor a determination that the recipient has violated any law. The Company is continuing its efforts to cooperate with the SEC and maintains that its actions were appropriate, and intends to pursue the Wells Notice process, including submitting a formal response to the SEC.

***Stratford Holding LLC v. Foot Locker Retail Inc. (U.S. District Court for the Western District of Oklahoma, Case No. 5:12-cv-772-HE)***

In 2012 and 2013, two property owners in Oklahoma City, Oklahoma sued numerous parties, including Foot Locker Retail Inc. and our subsidiary Fog Cutter Capital Group Inc. (now known as Fog Cutter Acquisition, LLC), for alleged environmental contamination on their properties, stemming from dry cleaning operations on one of the properties. The property owners seek damages in the range of \$ 12.0 million to \$ 22.0 million. From 2002 to 2008, a former Fog Cutter subsidiary managed a lease portfolio, which included the subject property. Fog Cutter denies any liability, although it did not timely respond to one of the

property owners' complaints and several of the defendants' cross-complaints and thus is in default. The parties are currently conducting discovery. The court has vacated the current trial date and has not yet reset the trial date. The Company is unable to predict the ultimate outcome of this matter, however, reserves have been recorded on the balance sheet of FAT Brands relating to this litigation. There can be no assurance that the defendants will be successful in defending against these actions.

***SBN FCCG LLC v FCCGI (Los Angeles Superior Court, Case No. BS172606)***

SBN FCCG LLC ("SBN") filed a complaint against Fog Cutter Capital Group, Inc. ("FCCG") in New York state court for an indemnification claim (the "NY case") stemming from an earlier lawsuit in Georgia regarding a certain lease portfolio formerly managed by a former FCCG subsidiary. In February 2018, SBN obtained a final judgment in the NY case for a total of \$ 0.7 million, which included \$ 0.2 million in interest dating back to March 2012. SBN then obtained a sister state judgment in Los Angeles Superior Court, Case No. BS172606 (the "California case"), which included the \$ 0.7 million judgment from the NY case, plus additional statutory interest and fees, for a total judgment of \$ 0.7 million. In May 2018, SBN filed a cost memo, requesting an additional \$ 12,411 in interest to be added to the judgment in the California case, for a total of \$ 0.7 million. In May 2019, the parties agreed to settle the matter for \$ 0.6 million, which required the immediate payment of \$ 0.1 million, and the balance to be paid in August 2019. FCCG wired \$ 0.1 million to SBN in May 2019, but has not yet paid the remaining balance of \$ 0.5 million. The parties have not entered into a formal settlement agreement, and they have not yet discussed the terms for the payment of the remaining balance.

***SBN FCCG LLC v FCCGI (Supreme Court of the State of New York, County of New York, Index No. 650197/2023)***

On January 13, 2023, SBN filed another complaint against FCCG in New York state court for an indemnification claim stemming from a lawsuit in Oklahoma City regarding the same lease portfolio formerly managed by Fog Cap (the "OKC Litigation"), and a bankruptcy proceeding involving Fog Cap (the "Bankruptcy Proceeding"). SBN alleges that under a February 2008 stock purchase agreement, Fog Cutter is required to indemnify SBN and its affiliates. According to the complaint, SBN has, at the time of filing the complaint, incurred costs subject to indemnification of approximately \$ 12 million. On March 11, 2024, the court issued an order granting FCCG's motion to dismiss SBN's complaint without prejudice to refile the complaint, if at all, once the underlying proceedings (the OKC Litigation and the Bankruptcy Proceeding) were complete. We are unable at this time to express any opinion as to the eventual outcome of this matter or the possible range of loss, if any.

The Company is involved in other claims and legal proceedings from time-to-time that arise in the ordinary course of business, including those involving the Company's franchisees. The Company does not believe that the ultimate resolution of these actions will have a material adverse effect on its business, financial condition, results of operations, liquidity or capital resources. As of December 31, 2023, the Company had accrued an aggregate of \$ 5.1 million for the specific matters mentioned above and claims and legal proceedings involving franchisees as of that date.

***Operating Leases (See Also Note 9)***

Our corporate headquarters, including its principal administrative, sales and marketing, customer support, and research and development operations, are located in Beverly Hills, California, comprising approximately 15,000 square feet of space, pursuant to a lease that expires on September 29, 2025.

Our subsidiary, GFG Management, LLC, leases an approximately 16,000 square foot warehouse location in Atlanta, GA under a lease expiring on May 31, 2029.

Our subsidiary, GAC Supply, LLC, owns and operates an approximately 40,000 square foot manufacturing and production facility in Atlanta, Georgia and the underlying real property, which supplies our franchisees with cookie dough, pretzel dry mix and other ancillary products.

Our subsidiary, Twin Restaurant Holding, LLC, leases offices in Dallas, TX comprising approximately 8,300 square feet under a lease expiring on April 30, 2025.

Our subsidiary, Fazoli's Holdings, LLC, leases offices located in Lexington, KY comprising approximately 19,200 square feet under a lease expiring on April 30, 2027.

Our subsidiary, Native Grill & Wings Franchising, LLC, leases offices located in Chandler, AZ comprising 5,825 square feet under a lease expiring on October 31, 2024.

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In addition to the above locations, certain of our subsidiaries directly own and operate restaurant locations, substantially all of which are located in leased premises. As of December 31, 2023, we owned and operated approximately 190 restaurant locations. The leases have remaining terms ranging from 1 month to 26.8 years.

We believe that our existing facilities are in good operating condition and adequate to meet current and foreseeable needs. Additional information related to our operating leases are disclosed in Note 9.

**NOTE 17. GEOGRAPHIC INFORMATION AND MAJOR FRANCHISEES**

Revenues by geographic area are as follows (in millions):

	Fiscal Year Ended December 31, 2023	Fiscal Year Ended December 25, 2022
United States	\$ 469.6	\$ 397.4
Other countries	10.9	9.8
Total revenues	\$ 480.5	\$ 407.2

Revenues are shown based on the geographic location of our licensee restaurants. All of our owned restaurant assets are located in the United States.

During the fiscal years ended December 31, 2023 and December 25, 2022, no individual franchisee accounted for more than 10% of the Company's revenues.

FAT BRANDS INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

	Dollars (In Millions)			
	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions/ Recoveries/Acquisitions	Balance at End of Period
Allowance for:				
Trade notes and accounts receivable	\$ 3.8	\$ 2.5	\$ ( 1.7 )	\$ 4.6

**ITEM 16. FORM 10-K SUMMARY**

Not applicable.



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

**FAT BRANDS INC.**

By: /s/ Kenneth J. Kuick

Kenneth J. Kuick

Co-Chief Executive Officer (Principal Executive Officer)

By: /s/ Robert G. Rosen

Robert G. Rosen

Co-Chief Executive Officer (Principal Executive Officer)

The undersigned directors and officers of FAT Brands Inc. do hereby constitute and appoint Kenneth J. Kuick and Robert G. Rosen, and each of them, with full power of substitution and resubstitution, as their true and lawful attorneys and agents, to do any and all acts and things in our name and behalf in our capacities as directors and officers and to execute any and all instruments for us and in our names in the capacities indicated below, which said attorney and agent, may deem necessary or advisable to enable said corporation to comply with the Securities Exchange Act of 1934, as amended and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Annual Report on Form 10-K, including specifically but without limitation, power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto, and we do hereby ratify and confirm all that said attorneys and agents, or either of them, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<b>DATE</b>	<b>NAME AND TITLE</b>
March 12, 2024	<u>/s/ Kenneth J. Kuick</u> Kenneth J. Kuick Co-Chief Executive Officer and Chief Financial Officer (Principal Executive Officer, Principal Financial and Accounting Officer)
March 12, 2024	<u>/s/ Robert G. Rosen</u> Robert G. Rosen Co-Chief Executive Officer (Principal Executive Officer)
March 12, 2024	<u>/s/ Andrew A. Wiederhorn</u> Andrew A. Wiederhorn, Director
March 12, 2024	<u>/s/ John S. Allen</u> John S. Allen, Director
March 12, 2024	<u>/s/ Donald J. Berchtold</u> Donald J. Berchtold, Director
March 12, 2024	<u>/s/ Tyler B. Child</u> Tyler B. Child, Director

March 12, 2024	<div>/s/ Lynne L. Collier</div> <div>Lynne L. Collier, Director</div>
March 12, 2024	<div>/s/ Mark Elenowitz</div> <div>Mark Elenowitz, Director</div>
March 12, 2024	<div>/s/ James G. Ellis</div> <div>James G. Ellis, Director</div>
March 12, 2024	<div>/s/ Peter R. Feinstein</div> <div>Peter R. Feinstein, Director</div>
March 12, 2024	<div>/s/ Matthew H. Green</div> <div>Matthew H. Green, Director</div>
March 12, 2024	<div>/s/ John C. Metz</div> <div>John C. Metz, Director</div>
March 12, 2024	<div>/s/ Carmen Vidal</div> <div>Carmen Vidal, Director</div>
March 12, 2024	<div>/s/ Mason A. Wiederhorn</div> <div>Mason A. Wiederhorn, Director</div>
March 12, 2024	<div>/s/ Taylor A. Wiederhorn</div> <div>Taylor A. Wiederhorn, Director</div>
March 12, 2024	<div>/s/ Thayer D. Wiederhorn</div> <div>Thayer D. Wiederhorn, Director</div>

**EXHIBIT INDEX**

Exhibit Number	Description	Incorporated By Reference to			Filed Herewith
		Form	Exhibit	Filing Date	
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation, filed on August 16, 2021</a>	8-K	3.1	08/19/2021	
3.2	<a href="#">Certificate of Amendment to Second Amended and Restated Certificate of Incorporation, filed on August 24, 2021</a>	8-K	3.1	08/30/2021	
3.3	<a href="#">Certificate of Increase of Series B Cumulative Preferred Stock, filed on September 15, 2021</a>	8-K	3.1	09/16/2021	
3.4	<a href="#">Certificate of Increase of Series B Cumulative Preferred Stock, filed on October 28, 2021</a>	8-K	3.1	10/28/2021	
3.5	<a href="#">Certificate of Amendment to Second Amended and Restated Certificate of Incorporation, filed with the Delaware Secretary of State on December 20, 2022</a>	8-K	3.1	12/23/2022	
3.6	<a href="#">Amended and Restated Bylaws, effective as of May 2, 2023</a>	8-K	3.1	5/8/2023	
4.1	<a href="#">Warrant Agency Agreement, dated July 16, 2020, between the Company and VStock Transfer, LLC, to act as the Warrant Agent (including the form of Warrant Certificate)</a>	8-K	10.1	07/16/2020	
4.2	<a href="#">Base Indenture, dated March 6, 2020, and amended and restated as of April 26, 2021, by and between FAT Brands Royalty I, LLC and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.1	04/26/2021	
4.3	<a href="#">Series 2021-1 Supplement to the Base Indenture, dated April 26, 2021, by and between FAT Brands Royalty I, LLC and UMB Bank, N.A., as trustee</a>	8-K	4.2	04/26/2021	
4.4	<a href="#">Series 2022-1 Supplement to the Base Indenture, dated July 6, 2022, by and between FAT Brands Royalty I, LLC and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.2	10/25/2022	
4.5	<a href="#">Base Indenture, dated July 22, 2021, by and between FAT Brands GFG Royalty I, LLC, and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.1	07/26/2021	
4.6	<a href="#">Series 2021-1 Supplement to the Base Indenture, dated July 22, 2021, by and between FAT Brands GFG Royalty I, LLC, and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.2	07/26/2021	
4.7	<a href="#">Series 2022-1 Supplement to the Base Indenture, dated December 15, 2022, by and between FAT Brands GFG Royalty I, LLC, and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.2	01/31/2023	
4.8	<a href="#">Base Indenture, dated October 1, 2021, by and between FAT Brands Twin Peaks I, LLC, and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.1	10/06/2021	

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4.9	<a href="#">Series 2021-1 Supplement to the Base Indenture, dated October 1, 2021, by and between FAT Brands Twin Peaks I, LLC, and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.2	10/06/2021	
4.10	<a href="#">Base Indenture, dated December 15, 2021, by and among FAT Brands Fazoli's Native I, LLC, and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.1	12/16/2021	
4.11	<a href="#">Series 2021-1 Supplement to Base Indenture, dated December 15, 2021, by and among FAT Brands Fazoli's Native I, LLC, and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.2	12/16/2021	
4.12	<a href="#">Series 2023-1 Supplement to Base Indenture, dated September 8, 2023, by and among FAT Brands Twin Peaks I, LLC, and UMB Bank, N.A., as trustee and securities intermediary</a>				X
4.13	<a href="#">Base Indenture, dated July 10, 2023, by and among FB Resid Holdings I, LLC and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.1	7/13/2023	
4.14	<a href="#">Series 2023-1 Supplement to Base Indenture, dated July 10, 2023, by and among FB Resid Holdings I, LLC and UMB Bank, N.A., as trustee and securities intermediary</a>	8-K	4.1	7/13/2023	
4.15	<a href="#">Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934</a>				X
10.1	<a href="#">Form of Indemnification Agreement, dated October 20, 2017, between the Company and each director and executive officer</a>	1-A	6.3	09/06/2017	
10.2*	<a href="#">Amended and Restated 2017 Omnibus Equity Incentive Plan</a>	Schedule 14A (proxy statement)	Appendix A	11/03/2023	
10.3	<a href="#">Amended and Restated Office Lease, dated November 18, 2019, by and among Duesenberg Investment Company, LLC, Fatburger North America, Inc., Fog Cutter Capital Group Inc., and Fatburger Corporation</a>	10-K	10.12	04/28/2020	
10.4	<a href="#">Management Agreement, dated March 6, 2020, and amended and restated as of April 26, 2021, by and among FAT Brands Inc., FAT Brands Royalty I, LLC, each of the Securitization Entities named therein, and UMB Bank, N.A., as Trustee</a>	8-K	10.2	04/26/2021	
10.5	<a href="#">Management Agreement, dated July 22, 2021, by and among FAT Brands Inc., FAT Brands GFG Royalty I, LLC, each of the Franchise Entities named therein, and UMB Bank, N.A., as trustee</a>	8-K	10.2	07/26/2021	
10.6	<a href="#">Management Agreement, dated October 1, 2021, by and among FAT Brands Inc., FAT Brands Twin Peaks I, LLC, each of the Securitization Entities named therein, and UMB Bank, N.A., as trustee</a>	8-K	10.2	10/06/2021	

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10.7	<a href="#">Management Agreement, dated December 15, 2021, by and among FAT Brands Inc., FAT Brands Fazoli's Native I, LLC, each of the Guarantors named therein and UMB Bank, N.A., as trustee</a>	8-K	10.2	12/16/2021
10.8	<a href="#">Back-Up Management and Consulting Agreement, dated December 15, 2021, by and among FAT Brands Inc., FAT Brands Fazoli's Native I, LLC, each of the Guarantors named therein, UMB Bank, N.A., as trustee, and FTI Consulting, Inc., as back-up manager</a>	8-K	10.3	12/16/2021
10.9	<a href="#">Management Agreement, dated July 10, 2023, by and among FAT Brands Inc., FB Resid Holdings I, LLC, and UMB Bank, N.A., as trustee</a>	8-K	10.1	7/13/2023
10.10	<a href="#">Guarantee and Collateral Agreement, dated April 26, 2021, by and among each of the Securitization Entities named therein, as Guarantors, in favor of UMB Bank, N.A., as Trustee</a>	8-K	10.1	04/26/2021
10.11	<a href="#">Guarantee and Collateral Agreement, dated July 22, 2021, by and among the Guarantors named therein in favor of UMB Bank, N.A., as trustee</a>	8-K	10.1	07/26/2021
10.12	<a href="#">Guarantee and Collateral Agreement, dated October 1, 2021, by and among the Guarantors named therein in favor of UMB Bank, N.A., as trustee</a>	8-K	10.1	10/06/2021
10.13	<a href="#">Guarantee and Collateral Agreement, dated December 15, 2021, by and among the Guarantors named therein in favor of UMB Bank, N.A., as trustee</a>	8-K	10.1	12/16/2021
10.14	<a href="#">Put/Call Agreement, dated July 22, 2021, by and between FAT Brands Inc. and LS Global Franchise L.P.</a>	8-K	10.3	07/26/2021
10.15	<a href="#">Put/Call Agreement, dated October 1, 2021, by and between FAT Brands Inc. and Twin Peaks Holdings, LLC</a>	8-K	10.3	10/06/2021
10.16	<a href="#">Exchange Agreement, dated October 21, 2022, by and between FAT Brands Inc. and Twin Peaks Holdings, LLC.</a>	8-K	10.1	10/25/2022
10.17	<a href="#">ATM Sales Agreement, dated November 14, 2022, by and between FAT Brands Inc. and ThinkEquity LLC</a>	8-K	10.1	11/14/2022
10.18*	<a href="#">Employment Agreement, effective as of May 5, 2023, between FAT Brands Inc. and Kenneth Kuick</a>	8-K	10.1	5/10/2023
10.19*	<a href="#">Employment Agreement, effective as of May 5, 2023, between FAT Brands Inc. and Robert Rosen</a>	8-K	10.1	5/10/2023
10.20*	<a href="#">Separation, Cooperation, and Release Agreement, dated July 19, 2023, by and between FAT Brands Inc. and Andrew A. Wiederhorn</a>	8-K	10.1	7/21/2023

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10.21*	<a href="#">Consulting Agreement, dated July 19, 2023, by and among FAT Brands Inc., Fog Cutter Consulting Corp. and Andrew A. Wiederhorn</a>	8-K	10.2	7/21/2023	
10.22	<a href="#">Clawback Policy</a>				X
21.1	<a href="#">Significant Subsidiaries</a>				X
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm</a>				X
23.2	<a href="#">Consent of Independent Registered Public Accounting Firm</a>				X
31.1	<a href="#">Certification of Co-Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				X
31.2	<a href="#">Certification of Co-Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				X
32.1	<a href="#">Certifications of the Co-Chief Executive Officers and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				X
101.INS	XBRL Instance Document				X (Furnished)
101.SCH	XBRL Taxonomy Extension Schema Document				X (Furnished)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X (Furnished)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X (Furnished)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X (Furnished)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X (Furnished)

- Indicates management contract or compensatory plan or arrangement.

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**FAT BRANDS TWIN PEAKS I, LLC,**

**as Issuer**

**and**

**UMB BANK, N.A.,**

**as Trustee**

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**SERIES 2023-1 SUPPLEMENT**

**Dated as of September 8, 2023**

**to**

**BASE INDENTURE**

**Dated as of October 1, 2021**

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**\$48,000,000 Series 2023-1 7.00% Fixed Rate Senior Secured Notes, Class A-2**  
**\$50,000,000 Series 2023-1 10.00% Fixed Rate Subordinated Secured Notes, Class M-2**

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## **ANNEXES**

Annex A Series 2023-1 Supplemental Definitions List

Annex B Schedule of Relevant Dates

## **EXHIBITS**

Exhibit A-1 Form of Rule 144A Global Note

Exhibit A-2 Form of Temporary Regulation S Global Note

Exhibit A-3 Form of Permanent Regulation S Global Note

Exhibit B-1 Transfer Certificate (Rule 144A Global Note to Temporary Regulation S Global Note)

Exhibit B-2 Transfer Certificate (Rule 144A Global Note to Permanent Regulation S Global Note)

Exhibit B-3 Transfer Certificate (Regulation S Global Note to Rule 144A Global Note)

Exhibit C Form of Quarterly Noteholders' Report

SERIES 2023-1 SUPPLEMENT, dated as of September 8, 2023 (this “Series Supplement”), by and among FAT BRANDS TWIN PEAKS I, LLC (the “Issuer”), and UMB Bank, N.A., as trustee (in such capacity, the “Trustee”), to the Base Indenture, dated as of October 1, 2021 (as the same may be amended, amended and restated, modified or supplemented from time to time, exclusive of Series Supplements, the “Base Indenture”), by and among the Issuer and UMB Bank, N.A., as Trustee and as Securities Intermediary.

#### PRELIMINARY STATEMENT

WHEREAS, Sections 2.2 and 13.1 of the Base Indenture provide, among other things, that the Issuer and the Trustee may at any time and from time to time enter into a Series Supplement to the Base Indenture for the purpose of authorizing the issuance of one or more Series of Notes (as defined in Annex A of the Base Indenture) upon satisfaction of the conditions set forth therein; and

WHEREAS, all such conditions have been met or waived by the Control Party (as directed by the Controlling Class Representative) for the issuance of the Series of Notes authorized hereunder.

NOW, THEREFORE, the parties hereto agree as follows:

#### DESIGNATION

There is hereby created a Series of Notes to be issued pursuant to the Base Indenture and the Series 2023-1 Supplement, and such Series of Notes shall be designated as the Series 2023-1 Notes. On the Series 2023-1 Closing Date, two (2) Classes of Notes of such Series shall be issued: (a) Series 2023-1 7.00% Fixed Rate Senior Secured Notes, Class A-2 (as referred to herein, such Class or Notes thereof, as the context requires, the “Series 2023-1 Class A-2 Notes”) and (b) Series 2023-1 10.00% Fixed Rate Subordinated Secured Notes, Class M-2 (as referred to herein, such Class or Notes thereof, as the context requires, the “Series 2023-1 Class M-2 Notes” and together with the Series 2023-1 Class A-2 Notes, the Series 2023-1 Notes”).

#### ARTICLE I

##### DEFINITIONS; RULES OF CONSTRUCTION

All capitalized terms used herein (including in the preamble and the recitals hereto) and not otherwise defined herein shall have the meanings assigned to such terms in the Series 2023-1 Supplemental Definitions List attached hereto as Annex A (the “Series 2023-1 Supplemental Definitions List”) as such Series 2023-1 Supplemental Definitions List may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof. All capitalized terms not otherwise defined herein or therein, and the term “written” or “in writing”, shall have the meanings assigned thereto in the Base Indenture or the Base Indenture Definitions List attached to the Base Indenture as Annex A thereto, as such Base Indenture or Base Indenture Definitions List may be amended, supplemented or otherwise modified from time to time in accordance with the terms of the Base Indenture. Unless otherwise specified herein, all Article, Exhibit, Section or Subsection references herein shall refer to Articles, Exhibits, Sections or Subsections of the Series 2023-1 Supplement. Unless otherwise stated herein, as the context otherwise requires or if such term is otherwise defined in the Base Indenture, each capitalized term used or defined herein shall relate only to the Series 2023-1 Notes and not to any other Series of Notes issued by the Issuer. The rules of construction set forth in Section 1.4 of the Base Indenture shall apply for all purposes under the Series 2023-1 Supplement.

## ARTICLE II

### **AUTHORIZATION AND DETAILS**

Section 2.1 Authorization of the Series 2023-1 Notes The following Series 2023-1 Notes are hereby authorized to be issued in the form of typewritten Notes representing Book-Entry Notes: (i) the Series 2023-1 Class A-2 Notes in the aggregate principal amount of \$48,000,000.00 and (ii) the Series 2023-1 Class M-2 Notes in the aggregate principal amount of \$50,000,000.00.

Section 2.2 Details of the Series 2023-1 Notes The Series 2023-1 Series Notes shall be subject to the terms of the Base Indenture applicable to the Notes as described therein, as modified herein, and shall bear interest as set forth in Section 3.4 of this Series 2023-1 Supplement.

Section 2.3 Denominations. The Series 2023-1 Class A-2 Notes shall be issued in minimum denominations of \$1,000,000.00, the Series 2023-1 Class M-2 Notes shall be issued in minimum denominations of \$2,000,000.00 and, in each case, integral multiples of \$1,000 in excess thereof.

Section 2.4 Monthly Allocation Dates. For the avoidance of doubt, the Monthly Allocation Dates and the date of delivery of the Monthly Manager's Certificate through the Series 2023-1 Class A-2 Legal Final Maturity Date and the Series 2023-1 Class M-2 Legal Final Maturity Date are as set forth in Annex B of this Series 2023-1 Supplement.

## ARTICLE III

### **SERIES 2023-1 ALLOCATIONS; PAYMENTS**

With respect to the Series 2023-1 Notes only, the following shall apply:

#### Section 2.1 Allocations of Net Proceeds with Respect to the Series 2023-1 Notes

(a) On the Series 2023-1 Closing Date, (i) the net proceeds from the issuance and sale of the Series 2023-1 Class A-2 Notes and Series 2023-1 Class M-2 Notes to the Initial Purchaser shall be deposited into the Collection Account and disbursed by the Trustee in accordance with the instructions of the Issuer set forth in the Flow of Funds Memorandum of the Issuer dated as of September 8, 2023 and (ii) the Issuer shall ensure that the cash on deposit in the Reserve Account is equal to the Required Reserve Amount.

(b) On and after the Series 2023-1 Closing Date, proceeds of the Series 2023-1 Notes may be used for general corporate purposes of the Issuer and FAT Brands Inc., including the making of distributions and the funding of acquisitions, subject to the terms of the Base Indenture, including Section 8.18 thereof, and for the disbursements described in Section 3.1(a) above.

#### Section 2.2 Reserved.

Section 2.3 Certain Distributions to Series 2023-1 Noteholders On each Quarterly Payment Date, based solely upon the most recent Quarterly Noteholders' Report in the form attached hereto as Exhibit C and as required under Section 4.1(c) of the Base Indenture, the Trustee shall, in accordance with Section 6.1 of the Base Indenture, remit (i) to the Series 2023-1 Senior Noteholders the amounts withdrawn from the Senior Notes Interest Payment Account, Senior Notes Principal Payment Account or otherwise, as applicable, pursuant to Section 5.11 of

the Base Indenture or otherwise, for the payment of interest and fees and, to the extent applicable, principal or other amounts in respect of the Series 2023-1 Class A-2 Notes on such Quarterly Payment Date, and (ii) to the Series 2023-1 Subordinated Noteholders, the amounts withdrawn from the Subordinated Notes Interest Payment Account, Subordinated Notes Principal Payment Account or otherwise, as applicable, pursuant to Section 5.11 of the Base Indenture or otherwise, for the payment of interest and, to the extent applicable, principal or other amounts in respect of the Series 2023-1 Class M-2 Notes on such Quarterly Payment Date.

#### Section 2.4 Series 2023-1 Interest

(a) Series 2023-1 Class A-2 Notes Interest. From the Series 2023-1 Closing Date until the Outstanding Principal Amount of the Series 2023-1 Class A-2 Notes has been paid in full, the Outstanding Principal Amount of the Series 2023-1 Class A-2 Notes will accrue interest for each Interest Accrual Period (after giving effect to all payments of principal made to the Noteholders as of the first day of such Interest Accrual Period, and also giving effect to prepayments, repurchases and cancellations of Series 2023-1 Class A-2 Notes during such Interest Accrual Period) at the Series 2023-1 Class A-2 Note Rate. Such accrued interest will be due and payable in arrears on each Quarterly Payment Date, from amounts that are made available for payment thereof (i) on any related Monthly Allocation Date in accordance with the Priority of Payments and (ii) on such Quarterly Payment Date in accordance with Section 5.11 of the Base Indenture, commencing on the Initial Quarterly Payment Date; provided that in any event all accrued but unpaid interest shall be due and payable in full on the Series 2023-1 Class A-2 Legal Final Maturity Date or on any other day on which all of the Series 2023-1 Class A-2 Outstanding Principal Amount is required to be paid in full. To the extent any interest accruing at the applicable Series 2023-1 Class A-2 Note Rate is not paid when due, such unpaid interest will accrue interest at the Series 2023-1 Class A-2 Note Rate. All computations of interest at the Series 2023-1 Class A-2 Note Rate shall be made on a 30/360 Day Basis.

(b) [reserved.]

(c) Series 2023-1 Class M-2 Notes Interest. From the Series 2023-1 Closing Date until the Outstanding Principal Amount of the Series 2023-1 Class M-2 Notes has been paid in full, the Outstanding Principal Amount of the Series 2023-1 Class M-2 Notes will accrue interest for each Interest Accrual Period (after giving effect to all payments of principal made to the Series 2023-1 Class M-2 Noteholders as of the first day of such Interest Accrual Period, and also giving effect to prepayments, repurchases and cancellations of Series 2023-1 Class M-2 Notes during such Interest Accrual Period) at the Series 2023-1 Class M-2 Note Rate. Such accrued interest will be due and payable in arrears on each Quarterly Payment Date, from amounts that are made available for payment thereof: (i) on any related Monthly Allocation Date in accordance with the Priority of Payments and (ii) on such Quarterly Payment Date in accordance with Section 5.11 of the Base Indenture, commencing on the Initial Quarterly Payment Date; provided that in any event, all accrued but unpaid interest shall be due and payable in full on the Series 2023-1 Class M-2 Legal Final Maturity Date or on any other day on which all of the Series 2023-1 Class M-2 Outstanding Principal Amount is required to be paid in full. To the extent any interest accruing at the applicable Series 2023-1 Class M-2 Note Rate is not paid when due, such unpaid interest will accrue interest at the Series 2023-1 Class M-2 Note Rate. All computations of interest at the Series 2023-1 Class M-2 Note Rate shall be made on a 30/360 Day Basis.

(d) Series 2023-1 Post-Anticipated Call Date Additional Interest

(i) Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest and Series 2023-1 Class A-2 Quarterly Post-Anticipated Repayment Date Additional Interest. From and after the Quarterly Payment Date in July 2023 (the "Series 2023-1

Class A-2 Anticipated Call Date") until the calendar day preceding the Quarterly Payment Date in January 2025, if the Series 2023-1 Final Payment of the Class A-2 Notes has not been made, then additional interest will accrue on the Series 2023-1 Class A-2 Outstanding Principal Amount at a per annum rate (the "Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest Rate") equal to 1.0% (such additional interest, the "Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest"). From and after the Quarterly Payment Date in January 2025 (the "Series 2023-1 Class A-2 Anticipated Repayment Date"), if the Series 2023-1 Final Payment of the Class A-2 Notes has not been made, then additional interest will accrue on the Series 2023-1 Class A-2 Outstanding Principal Amount at a per annum rate (the "Series 2023-1 Class A-2 Quarterly Post-Anticipated Repayment Date Additional Interest Rate") equal to 2.5% (such additional interest, the "Series 2023-1 Class A-2 Quarterly Post-Anticipated Repayment Date Additional Interest"). All computations of Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest and Series 2023-1 Class A-2 quarterly Post-Anticipated Repayment Date Additional Interest shall be made on a 30/360 Day Basis and will be due and payable on any Quarterly Payment Date to the extent allocated in accordance with the Priority of Payments.

(ii) Payment of Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest Any Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest and Series 2023-1 Class A-2 Quarterly Post-Anticipated Repayment Date Additional Interest will be due and payable on each applicable Quarterly Payment Date from amounts that are made available for payment thereof (A) on any related Monthly Allocation Date in accordance with the Priority of Payments and (B) on such Quarterly Payment Date in accordance with the Priority of Payments and Section 5.11 of the Base Indenture, in the amount so made available. The failure to pay any Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest or Series 2023-1 Class A-2 Quarterly Post-Anticipated Repayment Date Additional Interest in excess of available amounts in accordance with the foregoing (including on the Series 2023-1 Legal Final Maturity Date) will not be an Event of Default and interest will not accrue on any unpaid portion thereof; provided that in any event all accrued but unpaid Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest and Series 2023-1 Class A-2 Quarterly Post-Anticipated Repayment Date Additional Interest shall be due and payable in full on the Series 2023-1 Legal Final Maturity Date, on any Series 2023-1 Prepayment Date with respect to a prepayment in full of the Series 2023-1 Class A-2 Notes or otherwise as part of any Series 2023-1 Final Payment.

(iii) [reserved].

(iv) [reserved].

(v) Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest From and after the Quarterly Payment Date in July 2023 (the "Series 2023-1 Class M-2 Anticipated Call Date"), if the Series 2023-1 Final Payment of the Class M-2 Notes has not been made, then additional interest will accrue on the Series 2023-1 Class M-2 Outstanding Principal Amount at a per annum rate (the "Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest Rate") equal to 1.0% (such additional interest, the "Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest"). All computations of Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest shall be made on a 30/360 Day Basis and will be due and payable on any Quarterly Payment Date to the extent allocated in accordance with the Priority of Payments.

(vi) Payment of Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest Any Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest will be due and payable on each applicable Quarterly Payment Date from amounts that are made available for payment thereof (A) on any related Monthly Allocation

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Date in accordance with the Priority of Payments and (B) on such Quarterly Payment Date in accordance with the Priority of Payments and Section 5.11 of the Base Indenture, in the amount so made available. The failure to pay any Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest in excess of available amounts in accordance with the foregoing (including on the Series 2023-1 Legal Final Maturity Date) will not be an Event of Default and interest will not accrue on any unpaid portion thereof; provided that in any event all accrued but unpaid Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest shall be due and payable in full on the Series 2023-1 Legal Final Maturity Date, on any Series 2023-1 Prepayment Date with respect to a prepayment in full of the Series 2023-1 Class M-2 Notes or otherwise as part of any Series 2023-1 Final Payment.

(e) Initial Interest Accrual Period. The initial Interest Accrual Period for the Series 2023-1 Notes shall commence on (and include) the Series 2023-1 Closing Date and end on (but exclude) October 25, 2023.

## Section 2.5 Payment of Principal

### (a) Payment of Series 2023-1 Class A-2 Note Principal

(i) Principal Payment at Legal Maturity. The Series 2023-1 Class A-2 Outstanding Principal Amount shall be due and payable in full on the Series 2023-1 Class A-2 Legal Final Maturity Date. The Series 2023-1 Class A-2 Outstanding Principal Amount is not prepayable, in whole or in part, except as set forth in the Base Indenture and this Section 3.5.

(ii) Series 2023-1 Anticipated Repayment Date. The Series 2023-1 Class A-2 Final Payment Date is anticipated to occur on the Quarterly Payment Date occurring in January 2025 (such date, the "Series 2023-1 Class A-2 Anticipated Repayment Date").

(iii) Payment of Series 2023-1 Class A-2 Notes Scheduled Principal Payment Amounts. Series 2023-1 Class A-2 Notes Scheduled Principal Payment Amounts will be due and payable on each applicable Quarterly Payment Date in accordance with Section 5.11 of the Base Indenture.

(b) [reserved].

### (c) Payment of Series 2023-1 Class M-2 Note Principal

(i) Principal Payment at Legal Maturity. The Series 2023-1 Class M-2 Outstanding Principal Amount shall be due and payable in full on the Series 2023-1 Class M-2 Legal Final Maturity Date. The Series 2023-1 Class M-2 Outstanding Principal Amount is not prepayable, in whole or in part, except as set forth in the Base Indenture and this Section 3.5.

(ii) Series 2023-1 Anticipated Repayment Date. The Series 2023-1 Class M-2 Final Payment Date is anticipated to occur on the Quarterly Payment Date occurring in January 2025 (such date, the "Series 2023-1 Class M-2 Anticipated Repayment Date").

(iii) Payment of Series 2023-1 Class M-2 Notes Scheduled Principal Payment Amounts. Series 2023-1 Class M-2 Notes Scheduled Principal Payment Amounts will be due and payable on each applicable Quarterly Payment Date in accordance with Section 5.11 of the Base Indenture.

(d) Rapid Amortization of Series 2023-1 Notes. During any Rapid Amortization Period, principal payments shall be due and payable on each Quarterly Payment Date on the applicable Classes of Series 2023-1 Notes as and when amounts are made available

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for payment thereof (i) on any related Monthly Allocation Date, in accordance with the Priority of Payments and (ii) on such Quarterly Payment Date in accordance with Section 5.11 of the Base Indenture. Such payments shall be ratably allocated among the Series 2023-1 Noteholders within each applicable Class based on their respective portion of the Series 2023-1 Outstanding Principal Amount of such Class.

(e) Optional Prepayment.

(i) Optional Prepayment of Series 2023-1 Class A-2 Notes. Subject to Section 3.5(h), the Issuer shall have the option to prepay (including with the proceeds of equity contributions) the Outstanding Principal Amount of the Series 2023-1 Class A-2 Notes in whole or in part (each such prepayment, a "Series 2023-1 Class A-2 Prepayment") on any Quarterly Payment Date that is specified as the Series 2023-1 Class A-2 Prepayment Date in the applicable Prepayment Notice (each, an "Class A-2 Optional Prepayment Date"); provided that no such optional prepayment of the Series 2023-1 Class A-2 Notes may be made unless the below conditions shall be satisfied:

(A) subject to Section 5.12(b) of the Base Indenture, in the case of a prepayment of the Series 2023-1 Class A-2 Notes in part:

a. the amounts on deposit in the Indenture Trust Accounts, the Senior Notes Interest Payment Account, the Senior Notes Principal Payment Account or other available amounts, in each case allocable to Series 2023-1 Class A-2 Notes, are sufficient to pay the amount of such prepayment as of Quarterly Payment Date, and

b. the amounts on deposit in, or allocable to the Senior Notes Interest Payment Account and the Senior Notes Principal Payment Account and other available amounts to be distributed on the Quarterly Payment Date which coincides with such Class A-2 Optional Prepayment Date are sufficient to pay the Senior Prepayment Condition Amounts on such Quarterly Payment Date; and

(B) subject to Section 5.12(b) of the Base Indenture, in the case of an optional prepayment of the Series 2023-1 Class A-2 Notes in whole:

a. the amounts on deposit in the Indenture Trust Accounts, the Senior Notes Interest Payment Account, the Senior Notes Principal Payment Account or other available amounts, in each case allocable to Series 2023-1 Class A-2 Notes, are sufficient to pay all outstanding monetary Obligations (including unreimbursed Advances) in respect of the Series 2023-1 Class A-2 Notes set forth in the Priority of Payments after giving effect to the applicable allocations set forth therein on such Class A-2 Optional Prepayment Date, including unpaid interest accrued in respect of the period prior to such Class A-2 Optional Prepayment Date and the Senior Prepayment Condition Amounts on such Quarterly Payment Date, and

b. the amounts on deposit in the Collection Account, the Indenture Trust Accounts or otherwise available are reasonably expected by the Manager to be sufficient to pay the Senior Prepayment Condition Amounts, other than with respect to the Series 2023-1 Class A-2 Notes, on such Class A-2 Optional Prepayment Date, if such date is a Quarterly Payment Date,

or, in each case, any shortfalls in such amounts (in a. or b. above) have been deposited to the applicable accounts.

(ii) [reserved].

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(iii) Optional Prepayment of Series 2023-1 Class M-2 Notes Subject to Section 5.12(b) of the Base Indenture and Section 3.5(h), the Issuer shall have the option to prepay (including with the proceeds of equity contributions) the Outstanding Principal Amount of the Series 2023-1 Class M-2 Notes in whole or in part (each such prepayment a "Series 2023-1 Class M-2 Prepayment") on any Quarterly Payment Date that is specified as the Series 2023-1 Class M-2 Prepayment Date in the applicable Prepayment Notice (each, an "Class M-2 Optional Prepayment Date"); provided that no such optional prepayment of the Series 2023-1 Class M-2 Notes may be made unless (a) the Series 2023-1 Class A-2 Notes are a Defeased Class or (b) the Issuer simultaneously makes an optional prepayment of a principal amount of Series 2023-1 Class A-2 Notes in accordance with Section 3.5(e)(i) of this Series 2023-1 Supplement at least equal to the lesser of: (A) with respect to the Series 2023-1 Class A-2 Notes, (x) the outstanding principal amount of the Series 2023-1 Class A-2 Notes and (y) principal amount of Series 2023-1 Class M-2 Notes that the Issuer has elected to prepay; provided further that following a Series Anticipated Repayment Date for any Series of Notes that remains Outstanding, all optional prepayments must be applied first, to Senior Notes, second, to Senior Subordinated Notes and third, to Subordinated Notes, and provided further that the following conditions shall be satisfied:

(A) subject to Section 5.12(b) of the Base Indenture, in the case of a prepayment of the Series 2023-1 Class M-2 Notes in part:

a. the amounts on deposit in the Indenture Trust Accounts, the Subordinated Notes Interest Payment Account, the Subordinated Notes Principal Payment Account or other available amounts, in each case allocable to Series 2023-1 Class M-2 Notes, are sufficient to pay the amount of such prepayment as of Quarterly Payment Date, and

b. the amounts on deposit in, or allocable to, the Subordinated Notes Interest Payment Account and the Subordinated Notes Principal Payment Account and other available amounts to be distributed on the Quarterly Payment Date which coincides with such Class M-2 Optional Prepayment Date are sufficient to pay the Prepayment Condition Amounts on such Quarterly Payment Date; and

(B) subject to Section 5.12(b) of the Base Indenture, in the case of an optional prepayment of the Series 2023-1 Class M-2 Notes in whole:

a. the amounts on deposit in the Indenture Trust Accounts, the Subordinated Notes Interest Payment Account, the Subordinated Notes Principal Payment Account or other available amounts, in each case allocable to Series 2023-1 Class M-2 Notes, are sufficient to pay all outstanding monetary Obligations (including unreimbursed Advances) in respect of the Series 2023-1 Class M-2 Notes set forth in the Priority of Payments after giving effect to the applicable allocations set forth therein on such Class M-2 Optional Prepayment Date, including unpaid interest accrued in respect of the period prior to such Class M-2 Optional Prepayment Date; and

b. the amounts on deposit in the Collection Account, the Indenture Trust Accounts or otherwise available are reasonably expected by the Manager to be sufficient to pay the Prepayment Condition Amounts, other than with respect to the Series 2023-1 Class M-2 Notes, on such Class M-2 Optional Prepayment Date, if such date is a Quarterly Payment Date,

or, in each case, any shortfalls in such amounts (in a. or b. above) have been deposited to the applicable accounts.

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(f) Notices of Prepayments

(i) The Issuer shall give prior written notice (each, a "Prepayment Notice") at least fifteen (15) Business Days but not more than twenty (20) Business Days prior to any Series 2023-1 Prepayment with respect to any Class pursuant to Section 3.5(g) to each Series 2023-1 Noteholder affected by such Series 2023-1 Prepayment, the Trustee and the Control Party; provided that at the request of the Issuer, such notice to the affected Series 2023-1 Noteholders shall be given by the Trustee in the name and at the expense of the Issuer.

(ii) With respect to each such Series 2023-1 Prepayment, the related Prepayment Notice shall, in each case, specify (A) the Series 2023-1 Prepayment Date on which such prepayment will be made, which in all cases shall be a Business Day, and (B) the Series 2023-1 Prepayment Amount.

(iii) Any such optional prepayment and Prepayment Notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, including but not limited to the occurrence of a Change of Control. The Issuer shall have the option to provide in any Prepayment Notice that the payment of the amounts set forth in Section 3.5(g) and the performance of the Issuer's obligations with respect to such optional prepayment may be performed by another Person.

(iv) The Issuer shall have the option, by written notice to the Trustee, the Control Party and the affected Noteholders, to revoke, or amend the Series 2023-1 Prepayment Date set forth in, any Prepayment Notice relating to an optional prepayment at any time up to the fifth Business Day before the Series 2023-1 Prepayment Date set forth in such Prepayment Notice; provided that at the request of the Issuer, such notice to the affected Series 2023-1 Noteholders shall be given by the Trustee in the name and at the expense of the Issuer.

(g) Series 2023-1 Prepayments. Subject to Section 3.5(h), on each Series 2023-1 Prepayment Date with respect to any Series 2023-1 Prepayment, the Series 2023-1 Prepayment Amount shall be due and payable.

(h) Distributions of Optional Prepayments

(i) Distributions of Optional Prepayments of Series 2023-1 Notes.

(A) No later than five (5) Business Days prior to the Series 2023-1 Prepayment Date for each Series 2023-1 Prepayment to be made pursuant to Section 3.5(g), the Issuer shall provide the Trustee with a written report instructing the Trustee to deposit the amounts set forth in such report, which shall include such amounts set forth in Section 3.5(e)(i)(B)a and Section 3.5(e)(ii)(B)a, as applicable, and in each case due and payable to the applicable Noteholders on such Series 2023-1 Prepayment Date. Such written report may be consolidated with additional payment instructions as necessary to effect other distributions occurring on, or substantially concurrently with, such Series 2023-1 Prepayment Date.

(B) On the Series 2023-1 Prepayment Date for each Series 2023-1 Prepayment to be made pursuant to Section 3.5(e), the Trustee shall, in accordance with Section 6.1 of the Base Indenture (except that, notwithstanding anything to the contrary therein, references to the distributions being made on a Quarterly Payment Date shall be deemed to be references to distributions made on such Series 2023-1 Prepayment Date and references to the Record Date shall be deemed to be references to the Prepayment Record Date), distribute to the Noteholders of record of the applicable Class on the preceding Prepayment Record Date on a pro rata basis, based on their respective portion of the Outstanding Principal Amount of the applicable Class of Notes the amount specified in the written report delivered in accordance with

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Section 3.5(h)(i)(A) in order to pay (without duplication) (A) the applicable portion of such Outstanding Principal Amount, and (B) in the case of an optional prepayment in whole, the outstanding monetary Obligations described in Section 3.5(e)(i)(B)a and Section 3.5(e)(ii)(B)a, as applicable, in each case due and payable on such Series 2023-1 Prepayment Date.

(i) Series 2023-1 Notices of Final Payment The Issuer shall notify the Trustee and the Manager of the Series 2023-1 Final Payment Date of a Class of Notes on or before the Prepayment Record Date preceding such Series 2023-1 Prepayment Date; provided, however, that with respect to any Series 2023-1 Final Payment that is made in connection with any mandatory or optional prepayment in full, the Issuer shall not be obligated to provide any additional notice to the Trustee of such Series 2023-1 Final Payment beyond the notice required to be given in connection with such prepayment pursuant to Section 3.5(f). The Trustee shall provide any written notice required under this Section 3.5(i) to each Person in whose name such Series 2023-1 Notes are registered at the close of business on such Prepayment Record Date of the Series 2023-1 Prepayment Date that will be the Series 2023-1 Final Payment Date for such Class of Notes. Such written notice to be sent to the Series 2023-1 Noteholders shall be made at the expense of the Issuer and shall be mailed by the Trustee within five (5) Business Days of receipt of notice from the Issuer indicating that the Series 2023-1 Final Payment will be made and shall specify that such Series 2023-1 Final Payment will be payable only upon presentation and surrender of the related Series 2023-1 Notes, which such surrender shall also constitute a general release by the applicable Noteholder from any claims against the Issuer, the Manager, the Trustee and their affiliates, and shall specify the place where the related Series 2023-1 Notes may be presented and surrendered for such Series 2023-1 Final Payment.

Section 2.6 Manager. Pursuant to the Management Agreement, the Manager has agreed to provide certain reports, notices, instructions and other services on behalf of the Issuer. The Series 2023-1 Noteholders by their acceptance of the Series 2023-1 Notes consent to the provision of such reports and notices to the Trustee by the Manager in lieu of the Issuer.

Section 2.7 Other Agreements. In accordance with Section 8.22 of the Base Indenture, for the avoidance of doubt, the Securitization Entities shall be permitted to enter into or be a party to certain letters of credit relating to self-insurance in respect of Company Restaurants and any other Company Restaurant Expenses.

#### ARTICLE IV

##### FORM OF SERIES 2023-1

###### Section 2.1 Issuance of Series 2023-1 Global Notes

(a) The Series 2023-1 Class A-2 Notes may be offered and sold in the applicable Series 2023-1 Class A-2 Initial Principal Amount on the Series 2023-1 Closing Date by the Issuer. The Series 2023-1 Class M-2 Notes may be offered and sold in the applicable Series 2023-1 Class M-2 Initial Principal Amount on the Series 2023-1 Closing Date by the Issuer. The Series 2023-1 Notes will be "restricted securities" issued pursuant to the provisions of Rule 506 (b) of Regulation D under Section 4(a)(2) of the 1933 Act sold only to QIBs purchasing for their own account or the account of one or more Persons, each of which is a QIB. The Series 2023-1 Notes will be resold only to the Issuer or its Affiliates or (A) in the United States, to Persons who are not Competitors and who are QIBs purchasing for their own account or the account of one or more other Persons, each of which is a QIB, in reliance on Rule 144A and (B) outside the United States, to Persons who are not Competitors and who are not a U.S. person (as defined in Regulation S) (a "U.S. Person") in reliance on Regulation S, purchasing for their own account or the account of one or more other Persons, each of which is a non-U.S. Person. The Series 2023-1 Notes may thereafter be transferred in reliance on Rule 144 A and/or

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Regulation S and in accordance with the procedure described herein. The Series 2023-1 Notes will be Book-Entry Notes and DTC will be the Depository for such Series 2023-1 Notes. The Applicable Procedures shall be applicable to transfers of beneficial interests in the Series 2023-1 Notes.

(b) Global Notes.

(i) Rule 144A Global Notes. The Series 2023-1 Notes of each Class offered and sold in their initial distribution in reliance upon Rule 144A will be issued in the form of one or more global notes in fully registered form, without coupons, substantially in the form set forth in Exhibit A-1 hereto, registered in the name of Cede & Co. (Cede), as nominee of DTC, and deposited with the Trustee, as custodian for DTC (collectively, for purposes of this Section 4.1 and Section 4.2, the "Rule 144A Global Notes"). The aggregate initial principal amount of the Rule 144A Global Notes of each Class may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC, in connection with a corresponding decrease or increase in the aggregate initial principal amount of the corresponding Class of Temporary Regulation S Global Notes or Permanent Regulation S Global Notes, as hereinafter provided.

(ii) Regulation S Global Notes. Any Series 2023-1 Notes of each Class offered and sold on the Series 2023-1 Closing Date in reliance upon Regulation S will be issued in the form of one or more global notes in fully registered form, without coupons, substantially in the form set forth in Exhibit A-2 hereto, registered in the name of Cede, as nominee of DTC, and deposited with the Trustee, as custodian for DTC, for credit to the respective accounts at DTC of the designated agents holding on behalf of Euroclear or Clearstream. Until such time as the Restricted Period shall have terminated with respect to any Series 2023-1 Note, such Series 2023-1 Notes shall be referred to herein collectively, for purposes of this Section 4.1 and Section 4.2, as the "Temporary Regulation S Global Notes." After such time as the Restricted Period shall have terminated, the Temporary Regulation S Global Notes shall be exchangeable, in whole or in part, for interests in one or more permanent global notes in registered form without interest coupons, substantially in the form set forth in Exhibit A-3 hereto, as hereinafter provided (collectively, for purposes of this Section 4.1 and Section 4.2, the "Permanent Regulation S Global Notes"). The aggregate principal amount of the Temporary Regulation S Global Notes or the Permanent Regulation S Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC, in connection with a corresponding decrease or increase of aggregate principal amount of the corresponding Rule 144A Global Notes, as hereinafter provided.

(c) Definitive Notes. The Series 2023-1 Global Notes of each Class shall be exchangeable in their entirety for one or more definitive notes in registered form, without interest coupons (collectively, for purposes of this Section 4.1 and Section 4.2, the "Definitive Notes") pursuant to Section 2.13 of the Base Indenture and this Section 4.1(c) in accordance with their terms and, upon complete exchange thereof, such Series 2023-1 Global Notes shall be surrendered for cancellation at the applicable Corporate Trust Office.

Section 2.2 Transfer Restrictions of Series 2023-1 Global Notes

(a) A Series 2023-1 Global Note may not be transferred, in whole or in part, to any Person other than DTC or a nominee thereof, or to a successor Depository or to a nominee of a successor Depository, and no such transfer to any such other Person may be registered; provided, however, that this Section 4.4(a) shall not prohibit any transfer of any Series 2023-1 Note that is issued in exchange for a Series 2023-1 Global Note in accordance with Section 2.8 of the Base Indenture and shall not prohibit any transfer of a beneficial interest in a Series 2023-1 Global Note effected in accordance with the other provisions of this Section 4.2.

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(b) The transfer by a Series 2023-1 Note Owner holding a beneficial interest in a Series 2023-1 Note of any Class in the form of a Rule 144A Global Note to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Rule 144A Global Note of such Class shall be made upon the deemed representation of the transferee that it is purchasing for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB and not a Competitor, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as such transferee has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A.

(c) If a Series 2023-1 Note Owner holding a beneficial interest in a Series 2023-1 Note of any Class in the form of a Rule 144A Global Note wishes at any time to exchange its interest in such Rule 144A Global Note for an interest in the Temporary Regulation S Global Note of such Class, or to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Temporary Regulation S Global Note of such Class, such exchange or transfer may be effected, subject to the Applicable Procedures, only in accordance with the provisions of this Section 4.2(c). Upon receipt by the Note Registrar, at the applicable Corporate Trust Office, of (i) written instructions given in accordance with the Applicable Procedures from a Clearing Agency Participant directing the Note Registrar to credit or cause to be credited to a specified Clearing Agency Participant's account a beneficial interest in the Temporary Regulation S Global Note, in a principal amount equal to that of the beneficial interest in such Rule 144A Global Note to be so exchanged or transferred, (ii) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Clearing Agency Participant (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Clearing Agency Participant to be debited for, such beneficial interest and (iii) a certificate in substantially the form set forth in Exhibit B-1 hereto given by the Series 2023-1 Note Owner holding such beneficial interest in such Rule 144A Global Note, the Note Registrar shall instruct the Trustee, as custodian of DTC, to reduce the principal amount of the Rule 144A Global Note, and to increase the principal amount of the Temporary Regulation S Global Note, by the principal amount of the beneficial interest in such Rule 144A Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Clearing Agency Participant for Euroclear or Clearstream or both, as the case may be) a beneficial interest in the Temporary Regulation S Global Note having a principal amount equal to the amount by which the principal amount of such Rule 144A Global Note was reduced upon such exchange or transfer.

(d) If a Series 2023-1 Note Owner holding a beneficial interest in a Rule 144A Global Note of any Class wishes at any time to exchange its interest in such Rule 144A Global Note for an interest in the Permanent Regulation S Global Note of such Class, or to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Permanent Regulation S Global Note of such Class, such exchange or transfer may be effected, subject to the Applicable Procedures, only in accordance with the provisions of this Section 4.2(d). Upon receipt by the Note Registrar, at the applicable Corporate Trust Office, of (i) written instructions given in accordance with the Applicable Procedures from a Clearing Agency Participant directing the Note Registrar to credit or cause to be credited to a specified Clearing Agency Participant's account a beneficial interest in the Permanent Regulation S Global Note in a principal amount equal to that of the beneficial interest in such Rule 144A Global Note to be so exchanged or transferred, (ii) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Clearing Agency Participant (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Clearing Agency Participant to be debited for, such beneficial interest and (iii) a certificate in

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substantially the form of Exhibit B-2 hereto given by the Series 2023-1 Note Owner holding such beneficial interest in such Rule 144A Global Note, the Note Registrar shall instruct the Trustee, as custodian of DTC, to reduce the principal amount of such Rule 144A Global Note, and to increase the principal amount of the Permanent Regulation S Global Note, by the principal amount of the beneficial interest in such Rule 144A Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Clearing Agency Participant for Euroclear or Clearstream or both, as the case may be) a beneficial interest in the Permanent Regulation S Global Note having a principal amount equal to the amount by which the principal amount of such Rule 144A Global Note was reduced upon such exchange or transfer.

(e) If a Series 2023-1 Note Owner holding a beneficial interest in a Temporary Regulation S Global Note or a Permanent Regulation S Global Note wishes at any time to exchange its interest in such Temporary Regulation S Global Note or such Permanent Regulation S Global Note for an interest in the Rule 144A Global Note, or to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Rule 144A Global Note, such exchange or transfer may be effected, subject to the Applicable Procedures, only in accordance with the provisions of this Section 4.2(e). Upon receipt by the Note Registrar, at the applicable Corporate Trust Office, of (i) written instructions given in accordance with the Applicable Procedures from a Clearing Agency Participant directing the Note Registrar to credit or cause to be credited to a specified Clearing Agency Participant's account a beneficial interest in the Rule 144A Global Note of the applicable Class in a principal amount equal to that of the beneficial interest in such Temporary Regulation S Global Note or such Permanent Regulation S Global Note, as the case may be, to be so exchanged or transferred, (ii) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Clearing Agency Participant (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Clearing Agency Participant to be debited for, such beneficial interest and (iii) with respect to a transfer of a beneficial interest in such Temporary Regulation S Global Note (but not such Permanent Regulation S Global Note), a certificate in substantially the form set forth in Exhibit B-3 hereto given by such Series 2023-1 Note Owner holding such beneficial interest in such Temporary Regulation S Global Note, the Note Registrar shall instruct the Trustee, as custodian of DTC, to reduce the principal amount of such Temporary Regulation S Global Note or such Permanent Regulation S Global Note, as the case may be, and to increase the principal amount of such Rule 144A Global Note, by the principal amount of the beneficial interest in such Temporary Regulation S Global Note or such Permanent Regulation S Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Clearing Agency Participant for DTC) a beneficial interest in such Rule 144A Global Note having a principal amount equal to the amount by which the principal amount of such Temporary Regulation S Global Note or such Permanent Regulation S Global Note, as the case may be, was reduced upon such exchange or transfer.

(f) In the event that a Series 2023-1 Global Note of any Class or any portion thereof is exchanged for a Series 2023-1 Note of such Class other than Series 2023-1 Global Notes, such other Series 2023-1 Notes may in turn be exchanged (upon transfer or otherwise) for Series 2023-1 Notes of such Class that are not Series 2023-1 Global Notes or for a beneficial interest in a Series 2023-1 Global Note of such Class (if any is then outstanding) only in accordance with such procedures as may be adopted from time to time by the Issuer and the Note Registrar, which shall be substantially consistent with the provisions of Section 4.4(a) through Section 4.4(e) and Section 4.4(g) (including the certification requirement intended to ensure that transfers and exchanges of beneficial interests in a Series 2023-1 Global Note comply with Rule 144A or Regulation S under the 1933 Act, as the case may be) and any Applicable Procedures.

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(g) Until the termination of the Restricted Period with respect to any Series 2023-1 Note, interests in the Temporary Regulation S Global Notes representing such Series 2023-1 Note may be held only through Clearing Agency Participants acting for and on behalf of Euroclear and Clearstream; provided that this Section 4.4(g) shall not prohibit any transfer in accordance with Section 4.4(d). After the expiration of the applicable Restricted Period, interests in the Permanent Regulation S Global Notes may be transferred without requiring any certifications other than those set forth in this Section 4.4.

(h) The Series 2023-1 Notes Rule 144A Global Notes, the Series 2023-1 Notes Temporary Regulation S Global Notes and the Series 2023-1 Notes Permanent Regulation S Global Notes shall bear the following legend:

THE ISSUANCE AND SALE OF THIS [RULE 144A] [TEMPORARY REGULATION S] [PERMANENT REGULATION S] SERIES 2023-1 CLASS [A-2][M-2] NOTE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER RELEVANT JURISDICTION, AND FAT BRANDS TWIN PEAKS I, LLC (THE "ISSUER") HAVE NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT"). THIS NOTE OR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER OR AN AFFILIATE THEREOF, (B) IN THE UNITED STATES, TO A PERSON WHO IS NOT A COMPETITOR AND IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE 1933 ACT ("RULE 144A"), ACTING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH SUCH PERSON EXERCISES SOLE INVESTMENT DISCRETION OR (C) OUTSIDE THE UNITED STATES, TO A PERSON WHO IS NOT A COMPETITOR AND IS NOT A "U.S. PERSON" AS DEFINED IN REGULATION S UNDER THE 1933 ACT ("REGULATION S"), ACTING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH SUCH PERSON EXERCISES SOLE INVESTMENT DISCRETION, NONE OF WHICH ARE A U.S. PERSON, IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, AND, IN EACH CASE, IN COMPLIANCE WITH THE CERTIFICATIONS AND OTHER REQUIREMENTS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR THE UNITED STATES AND ANY OTHER RELEVANT JURISDICTION.

BY ITS ACQUISITION OR ACCEPTANCE HEREOF, THE HOLDER (IF NOT THE ISSUER OR AN AFFILIATE OF THE ISSUER) REPRESENTS THAT (A) IT IS NOT A COMPETITOR AND IS (X) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A OR (Y) NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION, AS APPLICABLE, (B) IT IS NOT A COMPETITOR AND IS ACTING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER PERSON WHICH IS EITHER (X) A QUALIFIED INSTITUTIONAL BUYER OR (Y) NOT A U.S. PERSON, AND IN EACH CASE WITH RESPECT TO WHICH IT EXERCISES SOLE INVESTMENT DISCRETION, (C) IT AND EACH ACCOUNT FOR WHICH IT IS PURCHASING WILL HOLD AND TRANSFER AT LEAST THE MINIMUM DENOMINATION OF NOTES, (D) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS

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NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (E) IT WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES.

EACH PERSON (IF NOT THE ISSUER OR AN AFFILIATE OF THE ISSUER) TAKING DELIVERY OF THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO HAVE MADE THE APPLICABLE REPRESENTATIONS AND AGREEMENTS REFERRED TO IN THE INDENTURE. EACH PERSON TAKING DELIVERY OF THIS NOTE OR AN INTEREST IN THIS NOTE IN THE FORM OF AN INTEREST IN A [TEMPORARY REGULATION S GLOBAL NOTE] [RULE 144A GLOBAL NOTE] OR [PERMANENT REGULATION S GLOBAL NOTE] WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE IN THE FORM REQUIRED BY THE INDENTURE AND WILL BE REQUIRED TO MAKE THE APPLICABLE REPRESENTATIONS AND AGREEMENTS REFERRED TO IN THE INDENTURE.

ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT AND WILL BE VOID AB INITIO AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO ANY PERSON CAUSING SUCH VIOLATION, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY; PROVIDED, HOWEVER, THAT THE PRECEDING PORTION OF THIS SENTENCE SHALL NOT OPERATE TO INVALIDATE ANY OTHERWISE BONA FIDE TRANSFER TO AN ELIGIBLE TRANSFEREE WHERE A PREVIOUS ERRONEOUSLY REGISTERED TRANSFEROR IN THE CHAIN OF TITLE OF SUCH TRANSFEREE WOULD HAVE BEEN INELIGIBLE SOLELY ON ACCOUNT OF BEING A COMPETITOR.

IF THIS NOTE WAS ACQUIRED IN THE UNITED STATES, AND THE HOLDER IS DETERMINED TO BE A COMPETITOR OR NOT TO HAVE BEEN A QUALIFIED INSTITUTIONAL BUYER AT THE TIME OF ACQUISITION OF THIS NOTE, THE ISSUER HAS THE RIGHT TO REQUIRE SUCH HOLDER TO SELL THIS NOTE TO A PURCHASER WHO IS NOT A COMPETITOR AND IS A QUALIFIED INSTITUTIONAL BUYER. THE ISSUER ALSO HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER TO A PERSON WHO IS NOT A QUALIFIED INSTITUTIONAL BUYER OR WHO IS A COMPETITOR.

IF THIS NOTE WAS ACQUIRED OUTSIDE THE UNITED STATES, AND THE HOLDER IS DETERMINED TO BE A COMPETITOR OR TO HAVE BEEN A "U.S. PERSON" AT THE TIME OF ACQUISITION OF THIS NOTE, THE ISSUER HAS THE RIGHT TO REQUIRE SUCH HOLDER TO SELL THIS NOTE TO A PURCHASER WHO IS NOT A COMPETITOR AND IS NOT A "U.S. PERSON." THE ISSUER ALSO HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER TO A PERSON WHO IS A "U.S. PERSON" OR WHO IS A COMPETITOR.

BY ACCEPTING THIS NOTE, EACH HOLDER COVENANTS THAT IT WILL NOT AT ANY TIME PRIOR TO THE DATE WHICH IS ONE (1) YEAR AND ONE (1) DAY AFTER THE PAYMENT IN FULL OF THE LATEST MATURING NOTE, INSTITUTE AGAINST, OR JOIN WITH ANY OTHER PERSON IN INSTITUTING AGAINST, ANY SECURITIZATION ENTITY

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ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS, OR OTHER PROCEEDINGS, UNDER ANY FEDERAL OR STATE BANKRUPTCY OR SIMILAR LAW.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY ("DTC"), A NEW YORK CORPORATION, 55 WATER STREET, NEW YORK, NEW YORK 10041, OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE ISSUER OR THE NOTE REGISTRAR, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE THE REGISTERED OWNER, CEDE & CO., HAS AN INTEREST HEREIN.

[THIS [RULE 144A][TEMPORARY REGULATION S] [PERMANENT REGULATION S] GLOBAL SERIES 2023-1 CLASS [A-2][M-2] NOTE WAS ISSUED WITH "ORIGINAL ISSUE DISCOUNT" AS DEFINED IN SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. YOU MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ISSUE PRICE, THE ISSUE DATE AND THE YIELD TO MATURITY BY CONTACTING THE MANAGER AT FAT BRANDS INC., 9720 WILSHIRE BLVD., SUITE 500, BEVERLY HILLS, CA 90212, ATTN: ROBERT G. ROSEN.]

THE PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE TRUSTEE.

- (i) The Series 2023-1 Temporary Regulation S Global Notes shall also bear the following legend:

UNTIL FORTY (40) DAYS AFTER THE ORIGINAL ISSUE DATE OF THE NOTES (THE "RESTRICTED PERIOD") IN CONNECTION WITH THE OFFERING OF THE NOTES IN THE UNITED STATES FROM OUTSIDE OF THE UNITED STATES, THE SALE, PLEDGE OR TRANSFER OF THIS NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS NOTE, ACKNOWLEDGES THAT SUCH HOLDER IS EITHER NOT A "U.S. PERSON" OR THE ISSUER OR AN AFFILIATE OF THE ISSUER, AND THAT THIS NOTE HAS NOT BEEN REGISTERED UNDER THE 1933 ACT,

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AND AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY BE TRANSFERRED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A HOLDER THAT IS NOT A "U.S. PERSON" OR TO THE ISSUER OR AN AFFILIATE OF THE ISSUER AND IN COMPLIANCE WITH THE 1933 ACT AND OTHER APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES, AND PRIOR TO THE EXPIRATION OF THE RESTRICTED PERIOD, ONLY (I) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE 1933 ACT OR (II) PURSUANT TO AND IN ACCORDANCE WITH RULE 144A UNDER THE 1933 ACT.

(j) The required legends set forth above shall not be removed from the applicable Series 2023-1 Notes except as provided herein. The legend required for a Series 2023-1 Rule 144A Global Note may be removed from such Series 2023-1 Notes Rule 144A Global Note if there is delivered to the Issuer and the Note Registrar such satisfactory evidence, which may include an Opinion of Counsel, as may be reasonably required by the Issuer that neither such legend nor the restrictions on transfer set forth therein are required to ensure that transfers of such Series 2023-1 Notes Rule 144A Global Note will not violate the registration requirements of the 1933 Act. Upon provision of such satisfactory evidence, the Trustee at the direction of the Issuer (or the Manager, on its behalf), shall authenticate and deliver in exchange for such Series 2023-1 Rule 144A Global Note a Series 2023-1 Note or Series 2023-1 Notes of the applicable Class having an equal aggregate principal amount that does not bear such legend. If such a legend required for a Series 2023-1 Rule 144A Global Note has been removed from a Series 2023-1 Note as provided above, no other Series 2023-1 Note issued in exchange for all or any part of such Series 2023-1 Note shall bear such legend, unless the Issuer have reasonable cause to believe that such other Series 2023-1 Note is a "restricted security" within the meaning of Rule 144 under the 1933 Act and instructs the Trustee to cause a legend to appear thereon.

Section 2.3 Note Owner Representations and Warranties. Each Person who becomes a Note Owner of a beneficial interest in a Series 2023-1 Note pursuant to the Offering Memorandum will be deemed to represent, warrant and agree on the date such Person acquires any interest in any such Series 2023-1 Note as follows:

(a) With respect to any sale of Series 2023-1 Notes pursuant to Rule 144A, it is a QIB pursuant to Rule 144A, and is aware that any sale of Series 2023-1 Notes to it will be made in reliance on Rule 144A. Its acquisition of Series 2023-1 Notes in any such sale will be for its own account or for the account of another QIB.

(b) With respect to any sale of Series 2023-1 Notes pursuant to Regulation S, at the time the buy order for such Series 2023-1 Notes was originated, it was outside the United States and the offer was made to a Person who is not a U.S. Person, and was not purchasing for the account or benefit of a U.S. Person.

(c) It will, and each account for which it is purchasing will, hold and transfer at least the minimum denomination of Series 2023-1 Notes set forth in Section 2.3 of this Series 2023-1 Supplement.

(d) It understands that the Issuer and the Manager may receive a list of participants holding positions in the Series 2023-1 Notes from one or more book-entry depositories.

(e) It understands that the Manager and the Issuer may receive (i) a list of Note Owners that have requested access to the Trustee's password-protected website or that have

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voluntarily registered as a Note Owner with the Trustee and (ii) copies of Noteholder confirmations of representations and warranties executed to obtain access to the Trustee's password-protected website.

(f) It will provide to each person to whom it transfers Series 2023-1 Notes notices of any restrictions on transfer of such Series 2023-1 Notes.

(g) It understands that (i) the Series 2023-1 Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the 1933 Act, (ii) the Series 2023-1 Notes have not been registered under the 1933 Act, (iii) the Series 2023-1 Notes may be offered, resold, pledged or otherwise transferred only to (a) in the United States, Persons who are not Competitors and who are QIBs, purchasing for their own account or the account of one or more other Persons, each of which is a QIB, (b) outside the United States, Persons who are not Competitors and who are not "U.S. Persons" in offshore transactions in reliance on Regulation S under the 1933 Act, purchasing for their own account or the account of one or more other Persons, each of which is a non-U.S. Person, or (c) the Issuer or an Affiliate of the Issuer, in each case, in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction, and (iv) it will, and each subsequent holder of a Series 2023-1 Note is required to, notify any subsequent purchaser of a Series 2023-1 Note of the resale restrictions set forth in clause (iii) above.

(h) It understands that the certificates evidencing the Rule 144A Global Notes will bear legends substantially similar to those set forth in Section 4.2(h).

(i) It understands that the certificates evidencing the Temporary Regulation S Global Notes will bear legends substantially similar to those set forth in Sections 4.2(h) and Section 4.2(i), as applicable.

(j) It understands that the certificates evidencing the Permanent Regulation S Global Notes will bear legends substantially similar to those set forth in Section 4.2(h).

(k) Either (i) it is not acquiring or holding the Series 2023-1 Notes (or any interest therein) for or on behalf of, or with the assets of, Plan or a governmental, church, non-U.S. or other plan which is subject to any Similar Law or with respect to the Series 2023-1 Class A-2 Notes only, (ii) its acquisition, holding and disposition of the Series 2023-1 Class A-2 Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation under any Similar Law.

(l) It understands that any subsequent transfer of the Series 2023-1 Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and it agrees to be bound by, and not to resell, pledge or otherwise transfer the Series 2023-1 Notes or any interest therein except in compliance with, such restrictions and conditions and the 1933 Act.

(m) It is not a Competitor.

**Section 2.4 Limitation on Liability.** None of the Issuer, the Manager, the Trustee or any Paying Agent or any of their respective Affiliates shall have any responsibility or liability with respect to (i) any aspects of the records maintained by DTC or its nominee or any of the Agent Members relating to or for payments made thereby on account of beneficial interests in a Rule 144A Global Note or a Regulation S Global Note or (ii) any records maintained by the Noteholder with respect to the beneficial holders thereof or payments made thereby on account of beneficial interests held therein. Notwithstanding anything to the contrary contained herein or

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in the Base Indenture, the Trustee (including in its capacity as Note Registrar and Paying Agent) shall have no responsibility or liability with respect to (i) transfers of beneficial interests within a Rule 144A Global Note or a Regulation S Global Note or (ii) monitoring or inquiring into or verifying compliance by a Noteholder or Note Owner with the representations, covenants or restrictions set forth in this Series 2023-1 Supplement, the Base Indenture or the Notes.

## ARTICLE V

### GENERAL

Section 2.1 Information. On or before the third (3<sup>rd</sup>) Business Day prior to each Quarterly Payment Date, the Issuer shall furnish, or cause to be furnished, a Quarterly Noteholders' Report with respect to the Series 2023-1 Notes to the Trustee and the Back-Up Manager, substantially in the form of Exhibit C hereto, setting forth, inter alia, the following information with respect to such Quarterly Payment Date and all other information required pursuant to Section 5.11 of the Base Indenture:

- (i) the total amount available to be distributed to Series 2023-1 Noteholders on such Quarterly Payment Date;
- (ii) the amount of such distribution allocable to the payment of interest on each Class of the Series 2023-1 Notes;
- (iii) the amount of such distribution allocable to the payment of principal of each Class of the Series 2023-1 Notes;
- (iv) whether, to the Actual Knowledge of the Issuer, any Potential Rapid Amortization Event, Rapid Amortization Event, Default, Event of Default, Potential Manager Termination Event or Manager Termination Event has occurred and is continuing as of the related Quarterly Calculation Date or any Cash Flow Sweeping Period is in effect, as of such Quarterly Calculation Date;
- (v) the P&I DSCR for such Quarterly Payment Date and the three Quarterly Payment Dates immediately preceding such Quarterly Payment Date;
- (vi) the amount of FAT Brands TP Systemwide Sales as of the related Quarterly Calculation Date; and
- (vii) the amount on deposit in the Reserve Account as of the close of business on the last Business Day of the preceding Quarterly Collection Period.

Any Series 2023-1 Noteholder may obtain copies of each Quarterly Noteholders' Report in accordance with the procedures set forth in Section 4.4 of the Base Indenture.

Section 2.2 Exhibits. The annexes, exhibits and schedules attached hereto and listed on the table of contents hereto supplement the annexes, exhibits and schedules included in the Base Indenture.

Section 2.3 Ratification of Base Indenture. As supplemented by the Series 2023-1 Supplement, the Base Indenture is in all respects ratified and confirmed and the Base Indenture as so supplemented by the Series 2023-1 Supplement shall be read, taken and construed as one and the same instrument.

Section 2.4 [Reserved].

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Section 2.5 Counterparts. The Series 2023-1 Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

Section 2.6 Governing Law. THE SERIES 2023-1 SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

Section 2.7 Amendments. The Series 2023-1 Supplement may not be modified or amended except in accordance with the terms of the Base Indenture.

Section 2.8 Termination of Series Supplement; Defeasance

(a) The Series 2023-1 Supplement shall cease to be of further effect when (i) all Outstanding Series 2023-1 Notes theretofore authenticated and issued have been delivered (other than destroyed, lost, or stolen Series 2023-1 Notes that have been replaced or paid) to the Trustee for cancellation and (ii) the Issuer has paid all sums payable hereunder; provided that any provisions of the Series 2023-1 Supplement required for the Series 2023-1 Final Payment to be made shall survive until the Series 2023-1 Final Payment is paid to the Series 2023-1 Noteholders. In accordance with Section 6.1(a) of the Base Indenture, the final principal payment due on each Series 2023-1 Note shall only be paid upon due presentment and surrender of such Note for cancellation in accordance with the provisions of such Note at the applicable Corporate Trust Office, which such surrender shall also constitute a general release by the applicable Noteholder from any claims against the Issuer, the Manager, the Trustee and their affiliates.

(b) In addition to (and notwithstanding) the terms of Section 12.1 of the Base Indenture, upon the payment in full (whether optional or mandatory) or a redemption in full of a particular Class of Series 2023-1 Notes (the "Defeased Class") as provided hereunder, the Obligations of the Issuer and the Guarantors under the Transaction Documents in respect of such Defeased Class shall be terminated.

Section 2.9 Limited Recourse. The obligations of the Issuer under this 2023-1 Series Supplement are solely the limited liability company obligations of the Issuer, and the Issuer shall be liable for claims hereunder only to the extent that funds or assets are available to pay such claims pursuant to this 2023-1 Series Supplement.

Section 2.10 Entire Agreement. The Series 2023-1 Supplement, together with the exhibits and schedules hereto and the other Indenture Documents, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

Section 2.11 Control Party Protections. In taking or refraining from taking any action hereunder, the Control Party shall be entitled to the rights, protections, benefits, immunities and indemnities afforded to the Control Party under this Series 2023-1 Supplement and the other Transaction Documents *mutatis mutandis*.

**[Signature Pages Follow]**

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IN WITNESS WHEREOF, each of the Issuer and the Trustee have caused the Series 2023-1 Supplement to be duly executed by its respective duly authorized officer as of the day and year first written above.

FAT BRANDS TWIN PEAKS I, LLC, as  
Issuer

By: FAT Brands Inc.  
Its: Manager

By: /s/ Robert G. Rosen  
Name: Robert G. Rosen  
Title: Co-Chief Executive Officer

Signature Page to Series 2023-1 Supplement to the Base Indenture

FAT Brands Twin Peaks I, LLC

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UMB BANK, N.A., in its capacity as Trustee

By: /s/ Michele Voon

Name: Michele Voon

Title: Vice President

Signature Page to Series 2023-1 Supplement to the Base Indenture

FAT Brands Twin Peaks I, LLC

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CONSENT OF CONTROL PARTY:

The undersigned, as Control Party, hereby consents to the execution and delivery of this Series 2023-1 Supplement by the parties hereto, and as Control Party hereby directs the Trustee to execute and deliver this Series 2023-1 Supplement.

CITADEL SPV LLC, in its capacity as Control Party

By: /s/ Orlando Figueroa  
Name: Orlando Figueroa  
Title: Senior Managing Director

SERIES 2023-1SUPPLEMENTAL DEFINITIONS LIST

"30/360 Day Basis" means the accrual of interest calculated on the basis of a 360-day year consisting of twelve 30-day months.

"Agent Members" means members of, or participants in, DTC.

"Carryover Senior Subordinated Notes Accrued Quarterly Interest Amount" means (a) for the first Monthly Allocation Date with respect to any Quarterly Collection Period, zero, and (b) for any other Monthly Allocation Date with respect to such Quarterly Collection Period the amount, if any, by which (i) the amount allocated to the Senior Subordinated Notes Interest Payment Account with respect to the Senior Subordinated Notes on the immediately preceding Monthly Allocation Date with respect to such Quarterly Collection Period was less than (ii) the Senior Subordinated Notes Accrued Quarterly Interest Amount for such immediately preceding Monthly Allocation Date; provided that for the first Monthly Allocation Date after the applicable Series Closing Date, the Carryover Senior Subordinated Notes Accrued Quarterly Interest Amount shall equal the aggregate amount of interest accrued on the Senior Subordinated Notes for the period from such Series Closing Date until such Monthly Allocation Date.

"Carryover Senior Subordinated Notes Accrued Scheduled Principal Payments Amount" means (a) for the first Monthly Allocation Date with respect to any Quarterly Collection Period, zero, and (b) for any other Monthly Allocation Date with respect to such Quarterly Collection Period the amount, if any, by which (i) the amount allocated to the Senior Subordinated Notes Principal Payment Account with respect to the Senior Subordinated Notes Scheduled Principal Payment Amounts on the immediately preceding Monthly Allocation Date with respect to such Quarterly Collection Period was less than (ii) the Senior Subordinated Notes Accrued Scheduled Principal Payments Amount for such immediately preceding Monthly Allocation Date.

"Change in Law" means (a) any law, rule or regulation or any change therein or in the interpretation or application thereof (whether or not having the force of law), in each case, adopted, issued or occurring after the Series 2023-1 Closing Date or (b) any request, guideline or directive (whether or not having the force of law) from any government or political subdivision or agency, authority, bureau, central bank, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator, or any accounting board or authority (whether or not a Governmental Authority) which is responsible for the establishment or interpretation of national or international accounting principles, in each case, whether foreign or domestic (each, an "Official Body") charged with the administration, interpretation or application thereof, or the compliance with any request or directive of any Official Body (whether or not having the force of law) made, issued or occurring after the Series 2023-1 Closing Date.

"Change of Control" has the meaning ascribed to such term in the Management Agreement.

"Clearstream" means Clearstream Luxembourg.

"Defeased Class" has the meaning set forth in Section 5.8(b) of the Series 2023-1 Supplement.

"Definitive Notes" has the meaning set forth in Section 4.1(c) of the Series 2023-1 Supplement.



"DTC" means The Depository Trust Company, and any successor thereto.

"Euroclear" Euroclear Bank, S.A./N.A., or any successor thereto, as operator of Euroclear System.

"Initial Purchaser" means Percent Securities, LLC.

"Initial Quarterly Payment Date" means October 25, 2023.

"Offering Memorandum" means the Offering Memorandum for the offering of the Series 2023-1 Notes, dated September 8, 2023, prepared by the Issuer.

"Official Body" has the meaning set forth in the definition of "Change in Law."

"Outstanding Principal Amount" means with respect to any one or more Series, Classes, Subclasses or Tranches of Notes, as applicable at any time, the aggregate principal amount Outstanding of such Notes at such time.

"Permanent Regulation S Global Notes" has the meaning set forth in Section 4.1(b) of the Series 2023-1 Supplement.

"Prepayment Condition Amounts" means (i) the Senior Prepayment Condition Amounts and the Senior Subordinated Prepayment Condition Amounts and (ii) as of any Quarterly Payment Date, the aggregate amount due and payable to all of the Noteholders as of such Quarterly Payment Date.

"Prepayment Notice" has the meaning set forth in Section 3.5(f) of the Series 2023-1 Supplement.

"Prepayment Record Date" means, with respect to the date of any Series 2023-1 Prepayment, the last day of the calendar month immediately preceding the date of such Series 2023-1 Prepayment unless such last day is less than ten (10) Business Days prior to the date of such Series 2023-1 Prepayment, in which case the "Prepayment Record Date" will be the date that is ten (10) Business Days prior to the date of such Series 2023-1 Prepayment.

"Qualified Institutional Buyer" or "QIB" means a Person who is a "qualified institutional buyer" as defined in Rule 144A.

"Regulation S" means Regulation S promulgated under the 1933 Act.

"Regulation S Global Notes" means, collectively, the Temporary Regulation S Global Notes and the Permanent Regulation S Global Notes.

"Required Reserve Amount" means, as of each Quarterly Calculation Date, the quotient of: (A) the sum of (i)(a) the Class A-2 Outstanding Principal Amount (after giving effect to all principal payments made on the related Quarterly Payment Date), times (b) the Class A-2 Note Rate, plus (ii)(a) the Class B-2 Outstanding Principal Amount (after giving effect to all principal payments made on the related Quarterly Payment Date), times (b) the Class B-2 Note Rate, divided by (B) 4.

"Restricted Period" means, with respect to any Series 2023-1 Class A-2 Notes sold pursuant to Regulation S, the period commencing on such Series 2023-1 Closing Date and ending on the 40th day after the Series 2023-1 Closing Date.

“Rule 144A” means Rule 144A promulgated under the 1933 Act.

“Rule 144A Global Notes” has the meaning set forth in Section 4.1(b) of the Series 2023-1 Supplement.

“Senior Prepayment Condition Amounts” means, as of any Quarterly Payment Date, the aggregate amount due and payable to all of the Senior Noteholders as of such Quarterly Payment Date.

“Senior Subordinated Notes Accrued Quarterly Interest Amount” means, for each Monthly Allocation Date with respect to a Quarterly Collection Period, an amount equal to the lesser of (a) the sum of (i) one-third of the Senior Subordinated Notes Aggregate Quarterly Interest for the Interest Accrual Period ending in the next succeeding Quarterly Collection Period and (ii) the Carryover Senior Subordinated Notes Accrued Quarterly Interest Amount for such Monthly Allocation Date and (b) the amount, if any, by which (i) Senior Notes Aggregate Quarterly Interest for the Interest Accrual Period ending in the next succeeding Quarterly Collection Period exceeds (ii) the aggregate amount previously allocated to the Senior Subordinated Notes Interest Payment Account with respect to the Senior Subordinated Notes Quarterly Interest Amount on each preceding Monthly Allocation Date (or prefunded on the Closing Date) with respect to such Quarterly Collection Period.

“Senior Subordinated Notes Accrued Scheduled Principal Payments Amount” means, for each Monthly Allocation Date with respect to any Quarterly Collection Period an amount equal to the lesser of (a) the sum of (i) one third of the Senior Subordinated Notes Aggregate Scheduled Principal Payments for the Quarterly Payment Date in the next succeeding Quarterly Collection Period and (ii) the Carryover Senior Subordinated Notes Accrued Scheduled Principal Payments Amount for such Monthly Allocation Date and (b) the amount, if any, by which (i) the Senior Subordinated Notes Aggregate Scheduled Principal Payments for the Quarterly Payment Date in the next succeeding Quarterly Collection Period exceeds (ii) the aggregate amount previously allocated to the Senior Subordinated Notes Principal Payment Account with respect to Senior Subordinated Notes Aggregate Scheduled Principal Payments on each preceding Monthly Allocation Date (or prefunded on the Closing Date) with respect to such Quarterly Collection Period.

“Senior Subordinated Prepayment Condition Amounts” means, as of any Quarterly Payment Date, the aggregate amount due and payable to all of the Senior Noteholders and Senior Subordinated Noteholders as of such Quarterly Payment Date.

“Series 2023-1 Anticipated Repayment Date” means the Series 2023-1 Class A-2 Anticipated Repayment Date and Series 2023-1 Class M-2 Anticipated Repayment Date. For purposes of the Base Indenture, the “Series 2023-1 Anticipated Repayment Date” shall be deemed to be a “Series Anticipated Repayment Date”.

“Series 2023-1 Class A-2 Anticipated Repayment Date” has the meaning set forth in Section 3.5(a)(ii) of the Series 2023-1 Supplement. For purposes of the Base Indenture, the “Series 2023-1 Class A-2 Anticipated Repayment Date” shall be deemed to be a “Series Anticipated Repayment Date”.

“Series 2023-1 Class A-2 Initial Principal Amount” means, the aggregate initial outstanding principal amount of the Class A-2 Notes as of the 2023-1 Closing Date, which is \$48,000,000.

“Series 2023-1 Class A-2 Legal Final Maturity Date” means the Quarterly Payment Date occurring in July 2051. For purposes of the Base Indenture, the “Series 2023-1 Class A-2 Legal Final Maturity Date” shall be deemed to be a “Series Legal Final Maturity Date.”

“Series 2023-1 Class A-2 Note Rate” means, (i) prior to the Series 2023-1 Class A-2 Anticipated Repayment Date, 7.00% per annum, compounded quarterly and (ii) on and after the Series 2023-1 Class A-2 Anticipated Repayment Date, 9.00% per annum, compounded quarterly.

“Series 2023-1 Class A-2 Noteholder” means the Person in whose name a Series 2023-1 Class A-2 Note is registered in the Note Register.

“Series 2023-1 Class A-2 Notes” has the meaning specified in the “Designation” of the Series 2023-1 Supplement.

“Series 2023-1 Class A-2 Notes Scheduled Principal Payment Amount” means, on each Quarterly Payment Date following the Series 2023-1 Class A-2 Anticipated Call Date, an amount equal to one-half percent (0.5%) of the Series 2023-1 Class A-2 Initial Principal Amount. For purposes of the Base Indenture, the “Series 2023-1 Class A-2 Notes Scheduled Principal Payment Amounts” shall be deemed to be “Scheduled Principal Payments”.

“Series 2023-1 Class A-2 Notes Scheduled Principal Payment Deficiency Amount” means, with respect to any Quarterly Payment Date, if on any Quarterly Calculation Date, (a) the sum of (i) the amount of funds on deposit in the Senior Notes Principal Payment Account with respect to the Series 2023-1 Class A-2 Notes and (ii) any other funds on deposit in the Indenture Trust Accounts that are available to pay the Series 2023-1 Class A-2 Notes Scheduled Principal Payments with respect to the Series 2023-1 Class A-2 Notes on such Quarterly Payment Date is less than (b) the sum of (i) the Series 2023-1 Class A-2 Notes Scheduled Principal Payment Amount due and payable, if any, on such Quarterly Payment Date plus any Series 2023-1 Class A-2 Notes Scheduled Principal Payment Amounts due but unpaid from any previous Quarterly Payment Dates and (ii) the amount of funds on deposit in the Senior Notes Principal Payment Account with respect to such amounts set forth in clause (b)(i) and allocated to the Series 2023-1 Class A-2 Notes, the amount of such deficiency.

“Series 2023-1 Class A-2 Outstanding Principal Amount” means, on any date, an amount equal to (a) the Series 2023-1 Class A-2 Initial Principal Amount, minus (b) the aggregate amount of principal payments (whether pursuant to the payment of Series 2023-1 Class A-2 Notes Scheduled Principal Payments Amounts, a prepayment, a purchase and cancellation, a redemption or otherwise) made to Series 2023-1 Class A-2 Noteholders on or prior to such date. For purposes of the Base Indenture, the “Series 2023-1 Class A-2 Outstanding Principal Amount” shall be deemed to be an “Outstanding Principal Amount.”

“Series 2023-1 Class A-2 Prepayment” has the meaning set forth in Section 3.5(e)(i) of the Series 2023-1 Supplement.

“Series 2023-1 Class A-2 Quarterly Interest Amount” means, for each Interest Accrual Period, an amount equal to the accrued interest at the applicable Series 2023-1 Class A-2 Note Rate on the Series 2023-1 Class A-2 Outstanding Principal Amount (as of the first day of such Interest Accrual Period after giving effect to all payments of principal (if any) made to such Series 2023-1 Class A-2 Noteholders as of such day and also giving effect to prepayments, repurchases and cancellations of Series 2023-1 Class A-2 Notes during such Interest Accrual Period). For purposes of the Base Indenture, “Series 2023-1 Class A-2 Quarterly Interest Amount” shall be deemed to be a “Senior Notes Quarterly Interest Amount.”

“Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest” has the meaning set forth in Section 3.4(d)(i) of the Series 2023-1 Supplement. For purposes of the Base Indenture, Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest shall be deemed to be “Senior Notes Quarterly Post-Anticipated Call Date Additional Interest.”

“Series 2023-1 Class A-2 Quarterly Post-Anticipated Call Date Additional Interest Rate” has the meaning set forth in Section 3.4(d)(i) of the Series 2023-1 Supplement.

“Series 2023-1 Class A-2 Quarterly Post-Anticipated Repayment Date Additional Interest” has the meaning set forth in Section 3.4(d)(i) of the Series 2023-1 Supplement. For purposes of the Base Indenture, Series 2023-1 Class A-2 Quarterly Post-Anticipated Repayment Date Additional Interest shall be deemed to be “Senior Notes Quarterly Post-Anticipated Repayment Date Additional Interest.”

“Series 2023-1 Class A-2 Quarterly Post-Anticipated Repayment Date Additional Interest Rate” has the meaning set forth in Section 3.4(d)(i) of the Series 2023-1 Supplement.

“Series 2023-1 Class M-2 Anticipated Repayment Date” has the meaning set forth in Section 3.5(c)(ii) of the Series 2023-1 Supplement. For purposes of the Base Indenture, the “Series 2023-1 Class M-2 Anticipated Repayment Date” shall be deemed to be a “Series Anticipated Repayment Date”.

“Series 2023-1 Class M-2 Initial Principal Amount” means, the aggregate initial outstanding principal amount of the Class M-2 Notes as of the 2023-1 Closing Date, which is \$50,000,000.

“Series 2023-1 Class M-2 Legal Final Maturity Date” means the Quarterly Payment Date occurring on July 2051. For purposes of the Base Indenture, the “Series 2023-1 Class M-2 Legal Final Maturity Date” shall be deemed to be a “Series Legal Final Maturity Date.”

“Series 2023-1 Class M-2 Note Rate” means 10.00% per annum, compounded quarterly.

“Series 2023-1 Class M-2 Noteholder” means the Person in whose name a Series 2023-1 Class M-2 Note is registered in the Note Register.

“Series 2023-1 Class M-2 Notes” has the meaning specified in the “Designation” of the Series 2023-1 Supplement.

“Series 2023-1 Class M-2 Notes Scheduled Principal Payment Amount” means, on each Quarterly Payment Date following the Series 2023-1 Class M-2 Anticipated Call Date, an amount equal to one-half percent (0.5%) of the Series 2023-1 Class M-2 Initial Principal Amount. For purposes of the Base Indenture, the “Series 2023-1 Class M-2 Notes Scheduled Principal Payment Amounts” shall be deemed to be “Scheduled Principal Payments”.

“Series 2023-1 Class M-2 Notes Scheduled Principal Payment Deficiency Amount” means, with respect to any Quarterly Payment Date, if on any Quarterly Calculation Date, (a) the sum of (i) the amount of funds on deposit in the Subordinated Notes Principal Payment Account with respect to the Series 2023-1 Class M-2 Notes and (ii) any other funds on deposit in the Indenture Trust Accounts that are available to pay the Series 2023-1 Class M-2 Notes Scheduled Principal Payments with respect to the Series 2023-1 Class M-2 Notes on such Quarterly Payment Date is less than (b) the sum of (i) the Series 2023-1 Class M-2 Notes Scheduled Principal Payment Amount due and payable, if any, on such Quarterly Payment Date plus any Series 2023-1 Class M-2 Notes Scheduled Principal Payment Amounts due but unpaid from any

previous Quarterly Payment Dates and (ii) the amount of funds on deposit in the Subordinated Notes Principal Payment Account with respect to such amounts set forth in clause (b)(i) and allocated to the Series 2023-1 Class M-2 Notes, the amount of such deficiency.

“Series 2023-1 Class M-2 Outstanding Principal Amount” means, on any date, an amount equal to (a) the Series 2023-1 Class M-2 Initial Principal Amount, minus (b) the aggregate amount of principal payments (whether pursuant to the payment of Series 2023-1 Class M-2 Notes Scheduled Principal Payments Amounts, a prepayment, a purchase and cancellation, a redemption or otherwise) made to the Series 2023-1 Class M-2 Noteholders on or prior to such date. For purposes of the Base Indenture, the “Series 2023-1 Class M-2 Outstanding Principal Amount” shall be deemed to be an “Outstanding Principal Amount.”

“Series 2023-1 Class M-2 Prepayment” has the meaning set forth in Section 3.5(e)(iii) of the Series 2023-1 Supplement.

“Series 2023-1 Class M-2 Quarterly Interest Amount” means, for each Interest Accrual Period, an amount equal to the accrued interest at the applicable Series 2023-1 Class M-2 Note Rate on the Series 2023-1 Class M-2 Outstanding Principal Amount (as of the first day of such Interest Accrual Period after giving effect to all payments of principal (if any) made to such Series 2023-1 Class M-2 Noteholders as of such day and also giving effect to prepayments, repurchases and cancellations of Series 2023-1 Class M-2 Notes during such Interest Accrual Period). For purposes of the Base Indenture, “Series 2023-1 Class M-2 Quarterly Interest Amount” shall be deemed to be a “Subordinated Notes Quarterly Interest Amount.”

“Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest” has the meaning set forth in Section 3.4(d)(v) of the Series 2023-1 Supplement. For purposes of the Base Indenture, Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest shall be deemed to be “Subordinated Notes Quarterly Post-Anticipated Call Date Additional Interest.”

“Series 2023-1 Class M-2 Quarterly Post-Anticipated Call Date Additional Interest Rate” has the meaning set forth in Section 3.4(d)(v) of the Series 2023-1 Supplement.

“Series 2023-1 Closing Date” means September 8, 2023.

“Series 2023-1 Final Payment” means as to any Class of Notes, the payment of all accrued and unpaid interest on and principal of all Outstanding Series 2023-1 Notes of such Class.

“Series 2023-1 Final Payment Date” means as to any Class of Notes, the date on which the Series 2023-1 Final Payment with respect to such Class is made.

“Series 2023-1 Global Notes” means, collectively, the Regulation S Global Notes and the Rule 144A Global Notes.

“Series 2023-1 Legal Final Maturity Date” means the Quarterly Payment Date occurring in July 2051. For purposes of the Base Indenture, the “Series 2023-1 Legal Final Maturity Date” shall be deemed to be a “Series Legal Final Maturity Date.”

“Series 2023-1 Noteholders” means, collectively, the Series 2023-1 Class A-2 Noteholders and the Series 2023-1 Class M-2 Noteholders.

“Series 2023-1 Note Owner” means, with respect to a Series 2023-1 Note that is a Book-Entry Note, the Person who is the beneficial owner of such Book-Entry Note, as reflected on the

books of the Clearing Agency that holds such Book-Entry Note, or on the books of a Person maintaining an account with such Clearing Agency (directly or as an indirect participant, in accordance with the rules of such Clearing Agency).

“Series 2023-1 Notes” means, collectively, the Series 2023-1 Class A-2 Notes and the Series 2023-1 Class M-2 Notes.

“Series 2023-1 Outstanding Principal Amount” means, with respect to any date, the Series 2023-1 Class A-2 Outstanding Principal Amount or the Series 2023-1 Class M-2 Outstanding Principal Amount, as applicable.

“Series 2023-1 Prepayment” means a Series 2023-1 Class A-2 Prepayment or a Series 2023-1 Class M-2 Prepayment, as applicable.

“Series 2023-1 Prepayment Amount” means the aggregate principal amount of the applicable Class of Notes to be prepaid on any Series 2023-1 Prepayment Date, together with all accrued and unpaid interest thereon to such date.

“Series 2023-1 Prepayment Date” means the date on which any prepayment on the Series 2023-1 Class A-2 Notes or the Series 2023-1 Class M-2 Notes is made pursuant to Section 3.5(e) of the Series 2023-1 Supplement, which shall be, with respect to any Series 2023-1 Prepayment Amount pursuant to Section 3.5(e), the Quarterly Payment Date specified as such in the applicable Prepayment Notice.

“Series 2023-1 Senior Notes” means the Series 2023-1 Class A-2 Notes.

“Series 2023-1 Supplement” means this Series 2023-1 Supplement, dated as of the Series 2023-1 Closing Date by and among the Issuer and Trustee, as amended, supplemented or otherwise modified from time to time.

“Similar Law” means any federal, state, local, or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code.

“Temporary Regulation S Global Notes” has the meaning set forth in Section 4.1(b) of the Series 2023-1 Supplement.

“U.S. Person” has the meaning set forth in Regulation S under the Securities Act.

<u>Fiscal QE Date</u>	<u>Prior Three Monthly Collection Period End Dates</u>			<u>Record Date</u>	<u>Quarterly Calculation Date</u>	<u>Quarterly Noteholders' Report Date</u>	<u>Quarterly Payment Date</u>
Last Sunday of Each 13 Week Quarter (Except for one 14 week quarter ending December 31, 2023)	All included in each respective quarterly collection period			20 <sup>th</sup> Calendar Day of Month in which Quarterly Payment Date Falls	4 Business Days Prior to Quarterly Payment Date	3 Business Days Prior to Quarterly Payment Date	25 <sup>th</sup> Calendar Day of the following Months (April, July October January) (if not Business Day, following Business Day)
	Month 1	Month 2	Month 3				
Sunday, September 24, 2023	Sunday, July 23, 2023	Sunday, August 20, 2023	Sunday, September 24, 2023	Friday, October 20, 2023	Thursday, October 19, 2023	Friday, October 20, 2023	Wednesday, October 25, 2023
Sunday, December 31, 2023	Sunday, October 22, 2023	Sunday, November 19, 2023	Sunday, December 31, 2023	Saturday, January 20, 2024	Friday, January 19, 2024	Monday, January 22, 2024	Thursday, January 25, 2024
Sunday, March 31, 2024	Sunday, January 28, 2024	Sunday, February 25, 2024	Sunday, March 31, 2024	Saturday, April 20, 2024	Friday, April 19, 2024	Monday, April 22, 2024	Thursday, April 25, 2024
Sunday, June 30, 2024	Sunday, April 28, 2024	Sunday, May 26, 2024	Sunday, June 30, 2024	Saturday, July 20, 2024	Friday, July 19, 2024	Monday, July 22, 2024	Thursday, July 25, 2024
Sunday, September 29, 2024	Sunday, July 28, 2024	Sunday, August 25, 2024	Sunday, September 29, 2024	Sunday, October 20, 2024	Monday, October 21, 2024	Tuesday, October 22, 2024	Friday, October 25, 2024
Sunday, December 29, 2024	Sunday, October 27, 2024	Sunday, November 24, 2024	Sunday, December 29, 2024	Monday, January 20, 2025	Tuesday, January 21, 2025	Wednesday, January 22, 2025	Monday, January 27, 2025
Sunday, March 30, 2025	Sunday, January 26, 2025	Sunday, February 23, 2025	Sunday, March 30, 2025	Sunday, April 20, 2025	Monday, April 21, 2025	Tuesday, April 22, 2025	Friday, April 25, 2025
Sunday, June 29, 2025	Sunday, April 27, 2025	Sunday, May 25, 2025	Sunday, June 29, 2025	Sunday, July 20, 2025	Monday, July 21, 2025	Tuesday, July 22, 2025	Friday, July 25, 2025
Sunday, September 28, 2025	Sunday, July 27, 2025	Sunday, August 24, 2025	Sunday, September 28, 2025	Monday, October 20, 2025	Tuesday, October 21, 2025	Wednesday, October 22, 2025	Monday, October 27, 2025
Sunday, December 28, 2025	Sunday, October 26, 2025	Sunday, November 23, 2025	Sunday, December 28, 2025	Tuesday, January 20, 2026	Tuesday, January 20, 2026	Wednesday, January 21, 2026	Monday, January 26, 2026
Sunday, March 29, 2026	Sunday, January 25, 2026	Sunday, February 22, 2026	Sunday, March 29, 2026	Monday, April 20, 2026	Tuesday, April 21, 2026	Wednesday, April 22, 2026	Monday, April 27, 2026
Sunday, June 28, 2026	Sunday, April 26, 2026	Sunday, May 24, 2026	Sunday, June 28, 2026	Monday, July 20, 2026	Tuesday, July 21, 2026	Wednesday, July 22, 2026	Monday, July 27, 2026

<b>Monthly Manager Certificate Date</b>	<b>Monthly Allocation Date</b>
<b>5 Business Days Prior to Monthly Allocation Date</b>	<b>2nd Friday Following Fiscal Month End (if not Business Day, following Business Day)</b>
Friday, September 29, 2023	Friday, October 6, 2023
Friday, October 27, 2023	Friday, November 3, 2023
Friday, November 24, 2023	Friday, December 1, 2023
Friday, January 5, 2024	Friday, January 12, 2024
Friday, February 2, 2024	Friday, February 9, 2024
Friday, March 1, 2024	Friday, March 8, 2024
Friday, April 5, 2024	Friday, April 12, 2024
Friday, May 3, 2024	Friday, May 10, 2024
Friday, May 31, 2024	Friday, June 7, 2024
Friday, July 5, 2024	Friday, July 12, 2024





Friday, August 2, 2024	Friday, August 9, 2024
Friday, August 30, 2024	Friday, September 6, 2024
Friday, October 4, 2024	Friday, October 11, 2024
Friday, November 1, 2024	Friday, November 8, 2024
Friday, November 29, 2024	Friday, December 6, 2024
Friday, January 3, 2025	Friday, January 10, 2025
Friday, January 31, 2025	Friday, February 7, 2025
Friday, February 28, 2025	Friday, March 7, 2025
Friday, April 4, 2025	Friday, April 11, 2025
Friday, May 2, 2025	Friday, May 9, 2025
Friday, May 30, 2025	Friday, June 6, 2025
Thursday, July 3, 2025	Friday, July 11, 2025
Friday, August 1, 2025	Friday, August 8, 2025
Friday, August 29, 2025	Friday, September 5, 2025
Friday, October 3, 2025	Friday, October 10, 2025
Friday, October 31, 2025	Friday, November 7, 2025
Friday, November 28, 2025	Friday, December 5, 2025
Friday, January 2, 2026	Friday, January 9, 2026
Friday, January 30, 2026	Friday, February 6, 2026
Friday, February 27, 2026	Friday, March 6, 2026
Friday, April 3, 2026	Friday, April 10, 2026
Friday, May 1, 2026	Friday, May 8, 2026
Friday, May 29, 2026	Friday, June 5, 2026
Thursday July 2, 2026	Friday July 10, 2026

**Exhibit A-1**

**Form of Rule 144A Global Note**

(Attached.)

Exh. A-1-1

**Exhibit A-2**

**Form of Temporary Regulation S Global Note**

(Attached.)

Exh. A-2-1

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**Exhibit A-3**

**Form of Permanent Regulation S Global Note**

(Attached.)

Exh. A-3-1

**Exhibit B-1**

**Form of Transfer Certificate  
(Rule 144A Global Note to Temporary Regulation S Global Note)**

(Attached.)

Exh. B-1-1

**Exhibit B-2**

**Form of Transfer Certificate  
(Rule 144A Global Note to Permanent Regulation S Global Note)**

(Attached.)

Exh. B-2-1

**Exhibit B-3**

**Form of Transfer Certificate  
(Regulation S Global Note to Rule 144A Global Note)**

(Attached.)

Exh. B-3-1

**Exhibit C**  
**Form of Quarterly Noteholders' Report**  
(Attached.)

Exh. C-1-1

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**DESCRIPTION OF SECURITIES REGISTERED  
PURSUANT TO SECTION 12 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

As of February 29, 2024, FAT Brands Inc., a Delaware corporation (“we”, “us”, “our” or the “Company”), has registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the following classes of securities:

- Class A Common Stock, par value \$0.0001 per share (“Class A Common Stock”)
- Class B Common Stock, par value \$0.0001 per share (“Class B Common Stock”, and together with the Class A Common Stock, “Common Stock”)
- Series B Cumulative Preferred Stock, par value \$0.0001 per share (“Series B Preferred Stock”)
- Warrants to purchase Class A Common Stock issued on July 16, 2020 (“Warrants”).

The following description of these securities is a summary and does not purport to be complete. The description is subject to and qualified in its entirety by reference to our (i) Second Amended and Restated Certificate of Incorporation, filed on August 16, 2021, and Certificate of Amendment thereto filed on August 24, 2021 (collectively, the “Certificate of Incorporation”), (ii) Certificates of Increase filed on September 15, 2021 and October 28, 2021, which increased the designated shares of Series B Preferred Stock, (iii) Warrant Agency Agreement, dated July 16, 2020, establishing the terms of the Warrants, and (iv) Amended and Restated Bylaws (the “Bylaws”), each of which is filed or incorporated by reference as exhibits to our Annual Report on Form 10-K of which this Exhibit 4.16 is a part.

**Description of Class A Common Stock and Class B Common Stock**

*Voting Rights.* Holders of the Class A Common Stock are entitled to cast one vote per share of Class A Common Stock, and holders of the Class B Common Stock are entitled to cast 2,000 votes per share of Class B Common Stock, on all matters that are submitted to a vote or for the consent of the stockholders of the Company. Holders of Class A Common Stock and the holders of Class B Common Stock will at all times vote together as a single class, and holders of the Common Stock are not entitled to cumulate their votes in the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all stockholders present in person or represented by proxy, voting together as a single class. Except as otherwise provided by law, amendments to the Certificate of Incorporation must be approved by a majority or, in some cases, a super-majority of the combined voting power of all shares entitled to vote, voting together as a single class.

*Dividend Rights.* Holders of Common Stock are entitled share ratably (based on the number of shares of Common Stock held) if and when any dividend is declared by the Board of Directors of the Company out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock. No dividend may be paid on one class of Common Stock unless a dividend is paid simultaneously on the other class of Common Stock.

*Liquidation Rights.* On our liquidation, dissolution or winding up, each holder of our Common Stock will be entitled to a pro rata distribution of any assets available for distribution to holders of our Common Stock, based on the number of shares of Common Stock held.

*Other Matters.* No shares of Common Stock are subject to redemption or have preemptive rights to purchase additional shares of Common Stock. The rights, preferences and privileges of the holders of our Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock, including the Series B Preferred Stock, and any series of preferred stock which we may designate in the future. There are no redemption or sinking fund provisions applicable to the Common Stock. All outstanding shares of Common Stock are fully paid and nonassessable.

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*Authorized Shares.* The Certificate of Incorporation authorizes the issuance of up to (i) 50,000,000 shares of Class A Common, (ii) 1,600,000 shares of Class B Common Stock, and (iii) 15,000,000 shares of preferred stock, par value \$0.0001 per share.

*Listing.* The Class A Common Stock is listed for trading on The NASDAQ Stock Market LLC ("NASDAQ") under the symbol "FAT", and the Class B Common Stock is listed for trading on NASDAQ under the symbol "FATBB".

*Transfer Agent.* VStock Transfer, LLC acts as the transfer agent and registrar of the Common Stock.

#### **Description of Series B Cumulative Preferred Stock**

*Authorization.* We have authorized a total of 11,500,000 shares of Series B Preferred Stock.

*Dividends.* Holders of the Series B Preferred Stock are entitled to receive, when, as and if declared by our Board of Directors, cumulative cash dividends payable monthly in an amount per share of Series B Preferred Stock equal to \$2.0625 per share each year, which is equivalent to 8.25% per annum of the \$25.00 liquidation preference per share. Dividends on the Series B Preferred Stock are payable monthly in arrears, beginning with the month ending July 31, 2020. To the extent declared by our Board of Directors, dividends are payable not later than twenty (20) days after the end of each calendar month. Dividends on the Series B Preferred Stock accumulate whether or not we have earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared by our Board of Directors.

If the Company fails to make a cash dividend payment with respect to twelve (12) or more consecutive or non-consecutive monthly dividends, the dividend rate on the Series B Preferred Stock will increase to \$2.50 per share each year, which is equivalent to 10% of the \$25.00 liquidation preference per share.

*Right to Elect Two Directors Upon Nonpayment.* If the Company fails to make a cash dividend payment with respect to eighteen (18) or more consecutive or non-consecutive monthly dividends (a "**Dividend Nonpayment**"), the holders of the Series B Preferred Stock, voting as a separate class, are entitled to vote for the election of two additional directors to serve on our Board of Directors until all dividends that are owed have been paid. Under these provisions, the authorized number of directors on our Board of Directors shall, at the next annual meeting of stockholders or at a special meeting of stockholders as provided below, automatically be increased by two and holders of shares of Series B Preferred Stock, voting together as a single class, shall be entitled, at our next annual meeting of stockholders or at a special meeting of stockholders, to vote for the election of a total of two additional members of the Board of Directors (the "**Preferred Stock Directors**"); *provided* that the election of any such Preferred Stock Directors will not cause the Company to violate the corporate governance requirements of NASDAQ (or any other exchange or automated quotation system on which our securities may be listed or quoted) that requires listed or quoted companies to have a majority of independent directors; and *provided* further that such Preferred Stock Directors may not be subject to any "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "**Disqualifying Event**"), except for a Disqualifying Event covered by Rule 506(d)(2) or (d)(3). In the event of a Dividend Nonpayment, the holders of at least 25% of the shares of Series B Preferred Stock may request that a special meeting of stockholders be called to elect such Preferred Stock Directors; *provided*, however, to the extent permitted by our bylaws, if the next annual or a special meeting of stockholders is scheduled to be held within 90 days of the receipt of such request, the election of such Preferred Stock Directors shall be included in the agenda for, and shall be held at, such scheduled annual or special meeting of stockholders. The Preferred Stock Directors shall stand for reelection annually, at each subsequent annual meeting of the stockholders, so long as the holders continue to have such voting rights. At any meeting at which the holders are entitled to elect Preferred Stock Directors, the holders of record of at least one-third of the then outstanding shares of Series B Preferred Stock, present in person or represented by proxy, shall constitute a quorum and the vote of the holders of record of a majority of such shares of Series B Preferred Stock so present or represented by proxy at any such meeting at which there shall be a quorum shall be sufficient to elect the Preferred Stock Directors. If and when all accumulated and unpaid dividends on Series B Preferred Stock have been paid in full (a "**Nonpayment Remedy**"), the holders shall immediately and, without any further action by us, be divested of the voting rights described in this section, subject to the revesting of such rights in the event of each subsequent Dividend Nonpayment. If such voting rights for the holders shall have terminated, the term of office of each Preferred Stock Director so elected shall terminate at such time and the authorized number of directors on the Board of Directors

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shall automatically decrease by two. Any Preferred Stock Director may be removed at any time, with or without cause, by the holders of a majority in voting power of the outstanding shares of Series B Preferred Stock then outstanding when they have the voting rights described in this section. In the event that a Dividend Nonpayment shall have occurred and there shall not have been a Nonpayment Remedy, any vacancy in the office of a Preferred Stock Director (other than prior to the initial election of Preferred Stock Directors after a Dividend Nonpayment) may be filled by the written consent of the Preferred Stock Director remaining in office, except in the event that such vacancy is created as a result of such Preferred Stock Director being removed or if no Preferred Stock Director remains in office, such vacancy may be filled by a vote of the holders of a majority in voting power of the outstanding shares of Series B Preferred Stock then outstanding when they have the voting rights described above; *provided* that the election of any such Preferred Stock Directors to fill such vacancy will not cause the Company to violate the corporate governance requirements of NASDAQ (or any other exchange or automated quotation system on which our securities may be listed or quoted) that requires listed or quoted companies to have a majority of independent directors. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote.

*Voting Rights.* In addition to the voting rights discussed above, so long as any shares of Series B Preferred Stock are outstanding and remain unredeemed, the Company may not, without the vote or consent of the holders of a majority of the Series B Preferred Stock: (i) engage in a merger, consolidation or share exchange that materially and adversely affects the rights, preferences or voting power of the Series B Preferred Stock, unless shares of Series B Preferred Stock are converted into or exchanged for (A) cash equal to or greater than the applicable redemption price per share or (B) preferred shares of the surviving entity having rights, preferences and privileges that are materially the same as those of the Series B Preferred Stock; (ii) amend the provisions of the Certificate of Incorporation establishing the Series B Preferred Stock to materially and adversely affect the rights, preferences or voting power of Series B Preferred Stock; or (iii) declare or pay any junior dividends or repurchase any junior securities during any time that all dividends on the Series B Preferred Stock have not been paid in full in cash.

*Call Feature.* We may, at our option, redeem the Series B Preferred Stock, in whole or in part, by paying \$25.00 per share, plus any accrued and unpaid dividends to the date of redemption and a redemption premium. The redemption premium will initially be set at 10% of the \$25.00 liquidation preference per share, and will decrease by two percentage points per year on each anniversary of the initial issuance date until it terminates on the five-year anniversary of the initial issuance date (July 16, 2025).

*Liquidation Preference of Series B Preferred Stock.* If we liquidate, dissolve or wind up, or undergo a “change of control” (as defined below), holders of the Series B Preferred Stock will have the right to receive \$25.00 per share, plus all accumulated, accrued and unpaid dividends (whether or not earned or declared) to and including the date of payment, before any payments are made to the holders of our Common Stock or to the holders of equity securities the terms of which provide that such equity securities will rank junior to the Series B Preferred Stock. The rights of holders of Series B Preferred Stock to receive their liquidation preference also are subject to the proportionate rights of our Series A Fixed Rate Cumulative Preferred Stock and any other class or series of our capital stock ranking in parity with the Series B Preferred Stock as to liquidation. For purposes of these provisions, a “change of control” shall mean: (i) any sale, lease, or transfer, exclusive license or other dispositions (or series of sales, leases, transfers, exclusive licenses or other dispositions) of all or substantially all of the assets of the Company and its subsidiaries; (ii) any sale, transfer or issuance (or series of sales, transfers or issuances) of capital stock by the Company or the holders of Common Stock (or other voting stock of the Company) that results in the inability of the beneficial holders of Common Stock (or other voting stock of the Company) immediately prior to such sale, transfer or issuance to designate or elect a majority of the Board of Directors (or its equivalent) of the Company; or (iii) any merger, consolidation, recapitalization or reorganization of the Company with or into another Person (whether or not the Company is the surviving corporation) that results in the inability of the beneficial holders of Common Stock (or other voting stock of the Company) immediately prior to such merger, consolidation, recapitalization or reorganization to designate or elect a majority of the Board of Directors (or its equivalent) of the resulting entity or its parent company; *provided*, that a “change of control” shall not include a change in the beneficial or record holders of Common Stock or voting rights in the Company resulting or arising from one or more transactions by which the owners of any entity that is a stockholder of the Company directly receive or are issued Common Stock of the Company in lieu of their ownership in such entity, whether upon dissolution, liquidation or reorganization of such entity, or by merger, acquisition or other business combination transaction involving such entity and the Company or any of its subsidiaries.

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*Ranking.* The Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up, ranks:

- senior to our Common Stock and any other class of equity securities the terms of which provide that such equity securities will rank junior to the Series B Preferred Stock;
- junior to any equity securities the terms of which provide that such equity securities will rank senior to the Series B Preferred Stock, and to all of our existing and future debt, including, prior to conversion of such debt, any debt convertible into our equity securities; and
- on a parity with any equity securities the terms of which provide that such equity securities will rank without preference or priority over the other.

*Exchange Listing.* The Series B Preferred Stock is listed for trading on NASDAQ under the symbol "FATBP."

*Information Rights.* During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any shares of our Series B Preferred Stock are outstanding, we will (i) transmit by mail to all holders of the Series B Preferred Stock, copies of the annual reports and quarterly reports that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to those sections (other than any exhibits that would have been required) and (ii) promptly upon written request, make available copies of such reports to any prospective holder of Series B Preferred Stock. We will mail the reports to the holders of Series B Preferred Stock within 15 days after the respective dates by which we would have been required to file the reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act.

*Transfer and Dividend Paying Agent.* VStock Transfer, LLC acts as the transfer and dividend payment agent and registrar in respect of the Series B Preferred Stock.

## **Description of Warrants**

*Form.* The Warrants were issued under a Warrant Agency Agreement between the Company and VStock Transfer, LLC, as warrant agent (the "Warrant Agent"). The material terms and provisions of the Warrants are summarized below, but the following description is subject to, and qualified in its entirety by, the Warrant Agency Agreement and form of Warrant.

*Exercisability.* The Warrants are currently exercisable and may be exercised at any time up to five (5) years from the date of original issuance, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice accompanied by payment in full for the number of shares of Class A Common Stock purchased upon such exercise (except in the case of a cashless exercise as discussed below). No fractional shares of Class A Common Stock will be issued in connection with the exercise of a Warrant. In lieu of fractional shares, we will, at our option, either (i) pay the holder an amount in cash equal to the fractional amount multiplied by the market value of a share of Class A Common Stock or (ii) round up to the next whole share. The holder will not have the right to exercise any portion of the Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% or 9.99% of the number of shares of our Class A Common Stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Warrants.

*Cashless Exercise.* If, at any time during the term of the Warrants, the issuance of shares of our Class A Common Stock upon exercise of the Warrants is not covered by an effective registration statement, the holder is permitted to effect a cashless exercise of the Warrants (in whole or in part) by having the holder deliver to us a duly executed exercise notice, canceling a portion of the Warrant in payment of the purchase price payable in respect of the number of shares of our Class A Common Stock purchased upon such exercise.

*Failure to Timely Deliver Shares.* If we fail to deliver to the investor a certificate representing shares issuable upon exercise of a Warrant by the third trading day after the exercise date as required by the Warrant, and if the investor purchases the shares of our Class A Common Stock after that third trading day to deliver in satisfaction of a sale by the investor of the underlying Warrant shares that the investor anticipated receiving from us, then, within three trading days of receipt of the investor's request, we, at the investor's option, will either (i) pay cash to the investor in an amount equal to the investor's total purchase price (including brokerage commissions, if any) for

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the shares of Class A Common Stock purchased less the exercise price (as described below), or the buy-in price, at which point our obligation to deliver the Warrant (and to issue the underlying Class A Common Stock) will terminate, (ii) reinstate the portion of the Warrant and equivalent number of Warrant shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or (iii) promptly honor our obligation to deliver to the investor a certificate or certificates representing the underlying Class A Common Stock and pay cash to the investor in an amount equal to the excess (if any) of the buy-in price over the product of (A) the number of shares of Class A Common Stock, times (B) the per share closing price of our Class A Common Stock on the date of the event giving rise to our obligation to deliver the certificate.

*Exercise Price.* Each Warrant represents the right to purchase one share of Class A Common Stock at an exercise price which was originally set at \$5.00 per share, subject to adjustment as described below. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Class A Common Stock, and upon any distributions of assets, including cash, stock or other property to our stockholders, in each case occurring after the date of issuance of the Warrants. As of February 24, 2023, the Warrant exercise price, as adjusted, was \$3.1359 per share.

*Exchange Listing.* The Warrants are listed for trading on NASDAQ under the symbol "FATBW." The shares of Class A Common Stock underlying the Warrants are listed for trading on NASDAQ under the symbol "FAT."

*Rights as a Stockholder.* Except as otherwise provided in the Warrants or by virtue of such holder's ownership of shares of our Class A Common Stock, the holder of a Warrant does not have the rights or privileges of a holder of our Class A Common Stock, including any voting rights, until the holder exercises the Warrant.

*Governing Law and Jurisdiction.* The Warrant Agency Agreement provides that the validity, interpretation, and performance of the Warrants and the Warrant Agency Agreement will be governed by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. In addition, the Warrant Agency Agreement provides that any action, proceeding or claim against the Company arising out of or relating to the Warrants or the Warrant Agency Agreement must be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York. However, we do not intend that the foregoing provisions would apply to actions arising under the Securities Act of 1933, as amended, or the Exchange Act.

*Warrant Agent.* VStock Transfer, LLC acts as our Warrant Agent and transfer agent for the Warrants.

**FAT BRANDS INC.**  
**CLAWBACK POLICY**

**Introduction**

The Board of Directors (the "**Board**") of FAT Brands Inc. (the "**Company**") believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "**Policy**"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

**Administration**

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee of the Board, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

**Covered Executives**

This Policy applies to the Company's current and former president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company, including without limitation the Company's Chief Executive Officer (or Co-Chief Executive Officers) and Chief Financial Officer (the "**Covered Executives**").

**Recoupment; Accounting Restatement**

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Company will require reasonably prompt reimbursement or forfeiture of any excess Incentive Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement (and any transition period that results from a change in the Company's fiscal year within or immediately following those three completed fiscal years). The Company is deemed required to prepare an accounting restatement on the earlier to occur of: the date the Board (or if applicable the Compensation Committee or an authorized officer of the Company) concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement, or the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement.

### **Incentive Compensation**

For purposes of this Policy, "**Incentive Compensation**" means any compensation that is granted, earned, or vested based wholly or in part on the attainment of a Financial Reporting Measure (as defined below).

Incentive Compensation is subject to clawback under this Policy only if the Covered Executive served as a Covered Executive at any time during the performance period applicable to the Incentive Compensation in question. Further, the Policy shall only apply if the Incentive Compensation is received while the Company has a class of securities listed on a national securities exchange or a national securities association and on or after October 2, 2023. Incentive Compensation is deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

"**Financial Reporting Measures**" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures including without limitation Company stock price and total stockholder return.

### **Excess Incentive Compensation: Amount Subject to Recovery**

The amount to be recovered will be the excess of the amount of Incentive Compensation received by the Covered Executive over the amount of Incentive Compensation that would have been received by the Covered Executive had it been determined based on the restated amounts (with such Incentive Compensation computed in each case without regard to any taxes paid), as determined by the Board.

If the Board cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement.

### **Impracticability**

The Company shall not be required under this Policy to recover excess Incentive Compensation if the Board has made a determination that recovery would be impracticable and any of the following conditions are met: (i) after making a reasonable attempt to recover such excess Incentive Compensation, the Board determines that the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered (documentation evidencing the reasonable attempt to recover the excess Incentive Compensation must be maintained and provided to the national securities exchange on which the Company's securities are listed), or (ii) the recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Internal Revenue Code Section 401(a)(13) or Internal Revenue Code Section 411(a) and the regulations thereunder.

### **Method of Recoupment**

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- (a) requiring reimbursement of cash Incentive Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

- (c) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- (d) cancelling outstanding vested or unvested equity awards; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Board.

#### **No Indemnification**

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

#### **Interpretation**

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

#### **Effective Date**

This Policy, as amended and restated, shall be effective as of the date it is adopted by the Board (the **Effective Date**”).

#### **Amendment; Termination**

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

#### **Other Recoupment Rights**

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

#### **Successors**

This Policy shall be binding and enforceable against all Covered Executives and their respective beneficiaries, heirs, executors, administrators or other legal representatives.

**(Adopted Nov 2023)**



### Subsidiaries of the Registrant

The following are the subsidiaries of FAT Brands Inc., a Delaware corporation, as of December 31, 2023. Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the list omits (i) certain subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary, and (ii) consolidated subsidiaries that are wholly-owned and carrying on the same line of business (franchising, ownership and operation of restaurants). The number in parentheses following the name of certain subsidiaries indicates the number of wholly-owned multiple subsidiaries of the parent subsidiary which carry on the same line of business as the parent subsidiary. All of the omitted subsidiaries operate in the United States.

1. FAT Brands Royalty I, LLC, a Delaware limited liability company
2. Buffalo's Franchise Concepts Inc., a Delaware corporation
3. Ponderosa Franchising Company LLC, a Delaware limited liability company
4. Ponderosa International Development Inc., a Delaware corporation
5. Puerto Rico Ponderosa Inc., a Delaware corporation
6. Hurricane AMT, LLC, a Delaware limited liability company
7. EB Franchises LLC, a Delaware limited liability company
8. Johnny Rockets Licensing Canada LLC, a Delaware limited liability company
9. Fatburger North America, Inc., a Delaware corporation
10. Bonanza Restaurant Company LLC, a Delaware limited liability company
11. Yalla Mediterranean Franchising LLC, a Delaware limited liability company
12. Yalla Acquisition LLC, a Delaware limited liability company (7)
13. Johnny Rockets Licensing LLC, a Delaware limited liability company
14. FAT Virtual Restaurants LLC, a Delaware limited liability company
15. FAT Brands Management, LLC, a Delaware limited liability company
16. Fog Cutter Acquisition LLC, a Delaware limited liability company
17. The Johnny Rockets Group, Inc., a Delaware corporation
18. GFG Management, LLC, a Delaware limited liability company
19. Round Table Development Company, a California corporation
20. Round Table Pizza Nevada, LLC, a Delaware limited liability company
21. HDOS Acquisition, LLC, a Delaware limited liability company
22. Global Franchise Group, LLC, a Delaware limited liability company
23. FAT Brands GFG Royalty I, LLC, a Delaware limited liability company
24. HDOS Franchise Brands, LLC, a Delaware limited liability company (3)
25. Marble Slab Franchise, LLC, a Delaware limited liability company (3)
26. GAC Franchise Brands, LLC, a Delaware limited liability company (3)
27. PM Franchise Brands, LLC, a Delaware limited liability company (3)
28. GAC Manufacturing, LLC, a Delaware limited liability company
29. GAC Supply, LLC, a Delaware limited liability company
30. PT Franchise Brands, LLC, a Delaware limited liability company (2)
31. Round Table Pizza, Inc., a Delaware corporation (2)
32. FAT Brands Twin Peaks I, LLC, a Delaware limited liability company (2)
33. Twin Restaurant, LLC, a Delaware limited liability company (27)
34. Twin Restaurant Development, LLC, a Texas limited liability company (30)
35. Twin Restaurant Franchise, LLC, a Delaware limited liability company (1)
36. Twin Restaurant RE, LLC, a Texas limited liability company (4)
37. FAT Brands Fazoli's Native I, LLC, a Delaware limited liability company
38. Native Grill and Wings Franchising, LLC, a Delaware limited liability company
39. Fazoli's Holdings, LLC, a Delaware limited liability company (5)
40. Fazoli's Joint Venture, Ltd., a Kentucky limited partnership
41. Fazoli's Franchising Systems, LLC, a Delaware limited liability company
42. FB Resid Holdings I LLC, a Delaware limited liability company
43. Barbeque Integrated, Inc., a Delaware limited liability company (3)

**Consent of Independent Registered Public Accounting Firm**

FAT Brands Inc.  
Beverly Hills, California

We consent to the incorporation by reference in the Registration Statements of FAT Brands Inc. on Form S-1 (No. 333-239032), Form S-3 (No. 333-261371), Form S-3 (333-261365), Form S-3 (No. 333-256342), Form S-8 (No. 333-239031), Form S-8 (No. 333-261362) and Form S-8 (333-270023) of our report report dated March 12, 2024 relating to the consolidated financial statements of FAT Brands Inc. as of December 31, 2023 and for the year then ended and the related notes and financial statement Schedule II which appears in this annual report on Form 10-K for the year ended December 31, 2023.

*/s/ Macias, Gini and O'Connell, LLP*  
Irvine, CA  
March 12, 2024

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements on Form S-1 (No. 333-239032), Form S-3 (No. 333-261371), Form S-3 (No. 333-261365), Form S-3 (No. 333-256342), Form S-8 (No. 333-239031), Form S-8 (No. 333-261362) and Form S-8 (No. 333-270023) of FAT Brands Inc. of our report dated February 24, 2023, relating to the consolidated financial statements of FAT Brands Inc. as of December 25, 2022 and for the year then ended and the related notes and financial statement Schedule II which appears in the annual report on Form 10-K for the year ended December 31, 2023.

*/s/ Baker Tilly US, LLP*  
Los Angeles, California  
March 12, 2024

## CERTIFICATION

I, Kenneth J. Kuick, Co-Chief Executive Officer and Chief Financial Officer of FAT Brands Inc. certify that:

1. I have reviewed this Annual Report on Form 10-K of FAT Brands Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2024

/s/ Kenneth J. Kuick

Kenneth J. Kuick

Co-Chief Executive Officer and Chief Financial Officer  
(Principal Executive and Financial Officer)

## CERTIFICATION

I, Robert G. Rosen, Co-Chief Executive Officer of FAT Brands Inc. certify that:

1. I have reviewed this Annual Report on Form 10-K of FAT Brands Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2024

/s/ Robert G. Rosen

Robert G. Rosen

Co-Chief Executive Officer

(Principal Executive Officer)

## CERTIFICATIONS OF THE CO-CHIEF EXECUTIVE OFFICERS AND CHIEF FINANCIAL OFFICER

## PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies, in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in their capacity as an officer of FAT Brands Inc., that, to their knowledge, the Annual Report of FAT Brands Inc. on Form 10-K for the period ended December 31, 2023 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the company.

March 12, 2024

By /s/ Kenneth J. Kuick

Kenneth J. Kuick

Co-Chief Executive Officer and Chief Financial Officer

*(Principal Executive, Financial and Accounting Officer)*

March 12, 2024

By /s/ Robert G. Rosen

Robert G. Rosen

Co-Chief Executive Officer

*(Principal Executive Officer)*

A signed original of this written statement required by Section 906 has been provided to FAT Brands Inc. and will be retained by FAT Brands Inc. and furnished to the Securities and Exchange Commission or its staff upon request.