REFINITIV

DELTA REPORT

10-Q

FATBP - FAT BRANDS, INC

10-Q - SEPTEMBER 29, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	465
CHANGES	194
DELETIONS	103
ADDITIONS	168

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024 September 29, 2024

OR

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

Commission file number 001-38250

FAT.jpg

FAT Brands Inc.
(Exact name of registrant as specified in its charter)

Delaware	**82-1302696**
(State or other jurisdiction of incorporation or organization)	**(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:

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

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 x No o

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 and post such files). Yes x No o

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	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
Emerging growth company	o		

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. o

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

As of July 29, 2024 October 28, 2024, there were 15,742,715 15,835,800 shares of Class A common stock and 1,270,805 shares of Class B common stock outstanding.

FAT BRANDS INC.
QUARTERLY REPORT ON FORM 10-Q
June 30, September 29, 2024

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION (UNAUDITED)

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	June 30, 2024	December 31, 2023
	September 29, 2024	December 31, 2023

			Audited
Assets	Assets	Assets	
Current assets	Current assets	Current assets	
Cash			
Restricted cash			
Accounts receivable, net			
Inventory			
Assets classified as held-for-sale			
Other current assets			
Total current assets			
Non-current restricted cash			
Operating lease right-of-use assets			
Goodwill			
Other intangible assets, net			
Property and equipment, net			
Other assets			
Total assets			
Liabilities and Stockholders’ Deficit			
Liabilities and Stockholders’ Deficit			
Liabilities and Stockholders’ Deficit			
Liabilities			
Liabilities			
Liabilities			
Current liabilities			
Current liabilities			
Current liabilities			
Accounts payable			
Accounts payable			
Accounts payable			
Accrued expenses and other liabilities			
Deferred income, current portion			
Accrued advertising			
Accrued interest payable			
Dividend payable on preferred shares			
Liabilities related to assets classified as held-for-sale			
Operating lease liability, current portion			
Redeemable preferred stock			
Long-term debt, current portion			
Acquisition purchase price payable			
Total current liabilities			
Deferred income, net of current portion			
Deferred income, net of current portion			
Deferred income, net of current portion			
Deferred income tax liabilities, net			
Operating lease liability, net of current portion			
Long-term debt, net of current portion			
Other liabilities			
Total liabilities			

Commitments and contingencies (Note 14)	Commitments and contingencies (Note 14)	Commitments and contingencies (Note 14)
Stockholders’ deficit		
Stockholders’ deficit		
Stockholders’ deficit		
Preferred stock and additional paid-in-capital, $0.0001 par value; 15,000,000 shares authorized; 3,712,883 shares issued and outstanding at June 30, 2024 and 3,591,804 shares issued and outstanding at December 31, 2023; liquidation preference $25 per share		
Preferred stock and additional paid-in-capital, $0.0001 par value; 15,000,000 shares authorized; 3,712,883 shares issued and outstanding at June 30, 2024 and 3,591,804 shares issued and outstanding at December 31, 2023; liquidation preference $25 per share		
Preferred stock and additional paid-in-capital, $0.0001 par value; 15,000,000 shares authorized; 3,712,883 shares issued and outstanding at June 30, 2024 and 3,591,804 shares issued and outstanding at December 31, 2023; liquidation preference $25 per share		
Class A common stock and Class B common stock and additional paid-in capital as of June 30, 2024: $0.0001 par value per share; 51,600,000 shares authorized (Class A 50,000,000, Class B 1,600,000); 17,013,320 shares issued and outstanding (Class A 15,742,515, Class B 1,270,805). Common stock and additional paid-in capital as of December 31, 2023: $0.0001 par value; 51,600,000 shares authorized; 16,900,099 shares issued and outstanding (Class A 15,629,294, Class B 1,270,805)		
Preferred stock and additional paid-in-capital, $0.0001 par value; 15,000,000 shares authorized; 3,782,459 shares issued and outstanding at September 29, 2024 and 3,591,804 shares issued and outstanding at December 31, 2023; liquidation preference $25 per share		
Preferred stock and additional paid-in-capital, $0.0001 par value; 15,000,000 shares authorized; 3,782,459 shares issued and outstanding at September 29, 2024 and 3,591,804 shares issued and outstanding at December 31, 2023; liquidation preference $25 per share		
Preferred stock and additional paid-in-capital, $0.0001 par value; 15,000,000 shares authorized; 3,782,459 shares issued and outstanding at September 29, 2024 and 3,591,804 shares issued and outstanding at December 31, 2023; liquidation preference $25 per share		
Class A common stock and Class B common stock and additional paid-in capital as of September 29, 2024: $0.0001 par value per share; 51,600,000 shares authorized (Class A 50,000,000, Class B 1,600,000); 17,106,468 shares issued and outstanding (Class A 15,835,663, Class B 1,270,805). Common stock and additional paid-in capital as of December 31, 2023: $0.0001 par value; 51,600,000 shares authorized; 16,900,099 shares issued and outstanding (Class A 15,629,294, Class B 1,270,805)		
Accumulated deficit		
Total stockholders’ deficit		
Total liabilities and stockholders’ deficit		

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

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

	Thirteen Weeks Ended	Thirteen Weeks Ended		Twenty-Six Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023		
	September 29, 2024	September 24, 2023	September 29, 2024	September 24, 2023		
Revenue						
Revenue						
Revenue						
Royalties						
Royalties						
Royalties						
Restaurant sales						
Advertising fees						
Factory revenues						
Franchise fees						
Other revenue						

Total revenue
Costs and expenses
Costs and expenses
Costs and expenses
General and administrative expense
General and administrative expense
General and administrative expense
Cost of restaurant and factory revenues
Depreciation and amortization
Refranchising loss
Advertising fees
Advertising fees
Advertising fees
Total costs and expenses
(Loss) income from operations
(Loss) income from operations
(Loss) income from operations
Other (expense) income, net
Other (expense) income, net
Other (expense) income, net
Interest expense
Interest expense
Interest expense
Interest expense related to preferred shares
Net gain on extinguishment of debt
Net gain (loss) on extinguishment of debt
Other (expense) income, net
Total other expense, net
Loss before income tax provision
Loss before income tax provision
Loss before income tax provision
Loss before income tax provision (benefit)
Loss before income tax provision (benefit)
Loss before income tax provision (benefit)
Income tax provision
Income tax provision
Income tax provision
Income tax provision (benefit)
Income tax provision (benefit)
Income tax provision (benefit)
Net loss
Net loss
Net loss
Net loss
Net loss
Net loss
Dividends on preferred shares
— $
Basic and diluted loss per common share
Basic and diluted loss per common share
Basic and diluted loss per common share

Basic and diluted weighted average shares outstanding	
Cash dividends declared per common share	

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

FAT BRANDS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(in thousands)

For the Twenty-Six Thirty-Nine Weeks Ended June 30, 2024 September 29, 2024

	Common Stock																						
	Class A Shares																						
	Class A Shares																						
	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	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	To
Balance at December 31, 2023																							
Balance at December 31, 2023																							
Balance at December 31, 2023																							
Net loss																							
Issuance of common and preferred stock																							
Share-based compensation																							
Dividends paid on common stock																							
Dividends paid on Series B preferred stock																							
Dividends paid on Series B preferred stock																							
Dividends paid on Series B preferred stock																							

Balance at June 30, 2024

Balance at June 30, 2024

Balance at June 30, 2024

Balance at September 29, 2024

Balance at September 29, 2024

Balance at September 29, 2024

For the Twenty-Six Thirty-Nine Weeks Ended June 25, 2023 September 24, 2023

Common Stock

Common Stock

Common Stock

Class A Shares

Class A Shares

	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	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	To
Balance at December 25, 2022																							
Balance at December 25, 2022																							
Balance at December 25, 2022																							
Net loss																							
Issuance of common and preferred stock																							
Share-based compensation																							
Dividends paid on common stock																							
Dividends paid on Series B preferred stock																							

Dividends paid on Series B preferred stock

Dividends paid on Series B preferred stock

Balance at June 25, 2023

Balance at June 25, 2023

Balance at June 25, 2023

Balance at September 24, 2023

Balance at September 24, 2023

Balance at September 24, 2023

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For the Thirteen Weeks Ended June 30, 2024 September 29, 2024

Common Stock

Class A Shares

Class A Shares

	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	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	To
Balance at March 31, 2024																							
Balance at March 31, 2024																							
Balance at March 31, 2024																							
Balance at June 30, 2024																							
Balance at June 30, 2024																							
Balance at June 30, 2024																							
Net loss																							

Issuance of common and preferred stock

Share-based compensation

Dividends paid on common stock

Dividends paid on Series B preferred stock

Dividends paid on Series B preferred stock

Dividends paid on Series B preferred stock

Balance at June 30, 2024

Balance at June 30, 2024

Balance at June 30, 2024

Balance at September 29, 2024

Balance at September 29, 2024

Balance at September 29, 2024

For the Thirteen Weeks Ended June 25, 2023 September 24, 2023

Common Stock

Class A Shares

Class A Shares

	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	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
Balance at March 26, 2023																						
Balance at March 26, 2023																						
Balance at March 26, 2023																						

Balance at June 25, 2023

Balance at June 25, 2023

Balance at June 25, 2023

Net loss

Issuance of common and preferred stock

Share-based compensation

Dividends paid on common stock

Dividends paid on Series B preferred stock

Balance at June 25, 2023

Balance at June 25, 2023

Balance at June 25, 2023

Balance at September 24, 2023

Balance at September 24, 2023

Balance at September 24, 2023

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

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

For the Twenty-Six Thirty-Nine Weeks Ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023

	2024	2024	2023	2024	2023
Cash flows from operating activities:	Cash flows from operating activities:	Cash flows from operating activities:			
Net loss					
Adjustments to reconcile net loss to net cash used in operating activities:					
Deferred income taxes					
Deferred income taxes					
Deferred income taxes					

Depreciation and amortization
Share-based compensation
Accretion of loan fees and interest
Loss on disposal of fixed assets
Net gain on extinguishment of debt
Net (gain) loss on extinguishment of debt
Provision for bad debts
Change in:
Change in:
Change in:
Accounts receivable
Accounts receivable
Accounts receivable
Inventory
Other current and noncurrent assets
Operating lease assets and liabilities
Deferred income
Accounts payable
Accrued expenses and other liabilities
Accrued advertising
Accrued interest payable
Other current and noncurrent liabilities
Total adjustments
Net cash used in operating activities
Cash flows from investing activities:
Cash flows from investing activities:
Cash flows from investing activities:
Purchases of property and equipment
Purchases of property and equipment
Acquisitions, net of cash acquired
Acquisitions, net of cash acquired
Acquisitions, net of cash acquired
Purchases of property and equipment
Payments received on notes receivable
Payment of acquisition purchase price payable
Net cash used in investing activities
Net cash used in investing activities
Net cash used in investing activities
Cash flows from financing activities:
Cash flows from financing activities:
Cash flows from financing activities:
Proceeds from borrowings, net of issuance costs
Proceeds from borrowings, net of issuance costs
Proceeds from borrowings, net of issuance costs
Repayments of borrowings
Proceeds from issuance of common and preferred shares
Proceeds from issuance of common and preferred shares
Proceeds from issuance of common and preferred shares
Dividends paid on common shares
Dividends paid on common shares
Dividends paid on common shares

Dividends paid on preferred shares
Net cash provided by financing activities
Net (decrease) increase in cash and restricted cash
Net (decrease) increase in cash and restricted cash
Net (decrease) increase in cash and restricted cash
Cash and restricted cash at beginning of the period
Cash and restricted cash at end of the period
Supplemental disclosures of cash flow information:
Supplemental disclosures of cash flow information:
Supplemental disclosures of cash flow information:
Cash paid for interest
Cash paid for interest
Cash paid for interest
Cash paid for income taxes

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND RELATIONSHIPS

Organization and Nature of Business

FAT Brands Inc. (the "Company" or "FAT") 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. As of June 30, 2024 September 29, 2024, 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 June 30, 2024 September 29, 2024, 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.

Liquidity

The Company recognized loss from operations of $4.1 million $12.9 million during the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 and income from operations of $18.9 million $25.5 million during the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023. The Company has a history of net losses and an accumulated deficit of $346.5 million $391.2 million as of June 30, 2024 September 29, 2024. Additionally, the Company had negative working capital of $170.8 million $210.8 million. Of this amount, $91.8 million represents redeemable preferred stock as discussed in Note 10. 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 $16.6 million $16.8 million of unrestricted cash at June 30, 2024 September 29, 2024 and plans on the combination of cash flows from operations, cash on hand, $75.6 million $71.5 million of issued but not sold aggregate principal amount of fixed rate secured notes and $104.7 million $95.0 million aggregate principal amount of repurchased but not re-sold fixed rate secured notes (see Note 9) 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 unaudited condensed 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 unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (“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. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2023 Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on March 12, 2024.

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 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 53rd week is added to the fiscal year every 5 or 6 years. 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 2024 is a 52-week year.

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 the thirteen weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023, the Company received and recognized $2.1 million $1.3 million and $12.7 million $1.0 million, respectively, of ERCs recorded within general and administrative expense on the consolidated statements of operations. During the thirty-nineweeks ended September 29, 2024 and September 24, 2023, the Company received and recognized $3.4 million and $13.7 million, respectively, of ERCs recorded within general and administrative expense on the consolidated statements of operations.

Use of estimates in the preparation of the condensed 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. Significant estimates include the determination of fair values of goodwill and other intangible assets, 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.

Recently Issued Accounting Standards Not Yet Adopted

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 currently evaluating the impact the adoption of this standard will have on its condensed consolidated financial statements.

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 currently evaluating the impact the adoption of this standard will have on its condensed 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. ("Smokey Bones") is the operator of a chain of barbeque restaurants located in the Eastern and Midwest United States. The net purchase price was $31.3 million after final working capital adjustments.

The preliminary assessment of the fair value of the net assets and liabilities acquired by the Company through the transaction was $31.3 million. The 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 allowance		2.8
Inventory		2.6
Prepaids and other current assets		1.5
Other intangible assets, net		8.8
Goodwill		11.7
Operating lease right-of-use assets		108.9
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	$	31.3

The identifiable intangible assets acquired in connection with the transaction are based on valuations performed by management and third-party experts. Identifiable intangible assets totaled $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 thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, respectively, assuming the acquisition had occurred on December 27, 2022 (the beginning of the Company's 2023 fiscal year) (in millions). 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.

	Thirteen Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
		June 25, 2023		September 24, 2023	
Revenue					
Net loss					

NOTE 4. REFRANCHISING

As part of its ongoing franchising efforts, the Company may, from time to time, sell operating restaurants built or acquired by the Company in order to convert them to franchise locations or acquire existing franchised locations to resell them 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 in the accompanying condensed consolidated balance sheets as of June 30, 2024 September 29, 2024 and December 31, 2023 (in millions):

	June 30, 2024		December 31, 2023	
Property and equipment	$	—	$	0.7
Operating lease right-of-use assets		0.4		3.1
Total	$	0.4	$	3.8

	September 29, 2024		December 31, 2023	
Property and equipment	$	—	$	0.7
Operating lease right-of-use assets		0.4		3.1
Total	$	0.4	$	3.8

Operating lease liabilities related to the assets classified as held-for-sale in the amount of $0.4 million and $3.4 million have been classified as current liabilities in the accompanying condensed consolidated balance sheets as of June 30, 2024 September 29, 2024 and December 31, 2023, respectively.

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

	Thirteen Weeks Ended	Thirteen Weeks Ended		Twenty-Six Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023		
	September 29, 2024	September 24, 2023	September 29, 2024	September 24, 2023		
Restaurant costs and expenses, net of revenue						
Loss (gain) on store sales or closures						
Refranchising loss						
Refranchising loss						
Refranchising loss						

NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following (in millions):

		June 30, 2024	December 31, 2023
		September 29, 2024	December 31, 2023
Real estate			
Equipment			
	141.9		
	149.5		
Accumulated depreciation			
Property and equipment, net			

Depreciation expense during the thirteen weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023 was $5.1 million $5.9 million and $3.3 million $3.2 million, respectively. Depreciation expense during the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023 was $11.6 million $17.5 million and $6.7 million $9.9 million, respectively.

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. Loss on disposals during the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023 was $0.2 $0.3 million and $0, respectively.

NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Changes in Carrying Value of Goodwill and Other Intangible Assets (in millions)

	Amortizing Intangible Assets	Amortizing Intangible Assets	Non-Amortizing Intangible Assets	Amortizing Intangible Assets	Non-Amortizing Intangible Assets	
		Goodwill	Goodwill	Trademarks	Goodwill	Trademarks
December 31, 2023						
Amortization						
June 30, 2024						
June 30, 2024						
June 30, 2024						
September 29, 2024						
September 29, 2024						
September 29, 2024						

Gross Carrying Value and Accumulated Amortization of Other Intangible Assets (in millions)

		June 30, 2024			December 31, 2023					
		September 29, 2024			December 31, 2023					
	Gross Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount		Gross Carrying Amount	Accumulated Amortization
Amortizing intangible assets										
Franchise agreements										
Franchise agreements										
Franchise agreements										
Customer relationships										
Other	Other 4.1	(0.4)	(0.4) 3.7	3.7	12.9 12.9	(0.5) (0.5)	12.4 12.4	Other 4.1	(1.3)	(1.3) 2.8
	$									
Non-amortizing intangible assets										
Non-amortizing intangible assets										
Non-amortizing intangible assets										
Trademarks										
Trademarks										
Trademarks										
Total amortizing and non-amortizing intangible assets, net										

Amortization expense for the thirteen weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023 was $3.9 $4.3 million and $3.8 million, respectively. Amortization expense for the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023 was $7.8 $12.1 million and $7.5 $11.3 million, respectively.

The expected future amortization of definite-life intangible assets by fiscal year (in millions):

Fiscal Year:
Remainder of 2024
Remainder of 2024
Remainder of 2024

2025	
2026	
2027	
2028	
Thereafter	
Total	

NOTE 7. INCOME TAXES

The following table presents the Company's provision for income taxes (in millions):

		Thirteen Weeks Ended		Thirteen Weeks Ended		Twenty-Six Weeks Ended		Thirteen Weeks Ended		Thirty-Nine Weeks Ended
		June 30, 2024		June 25, 2023	June 30, 2024	June 25, 2023				
Provision for income taxes										
		September 29, 2024		September 24, 2023	September 29, 2024	September 24, 2023				
Provision (benefit) for income taxes										
Effective tax rate	Effective tax rate	5.1 %		23.4 %	7.5 %	11.0 %	Effective tax rate	(0.3)%	5.0 %	(4.8)% (4.2) %

The difference between the statutory tax rate of 21% and the effective tax rates of 5.1%(0.3)% and 7.5%(4.8)% in the thirteen and twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024, respectively, was primarily due to increases in the valuation allowance, nondeductible expenses and the impact of state income taxes.

The difference between the statutory tax rate of 21% and the effective tax rates of 23.4%5.0% and 11.0%(4.2)% in the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, respectively, was primarily due to increases in the valuation allowance, nondeductible expenses and the impact of state income taxes.

NOTE 8. LEASES

The Company recognized lease expense of $7.9 million $8.0 million and $4.7 million $4.6 million for the thirteen weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023, respectively. The Company recognized lease expense of $16.1 million $24.0 million and $9.5 million $14.1 million for the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023, respectively.

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

	June 30, 2024	December 31, 2023
	September 29, 2024	December 31, 2023
Operating lease right-of-use assets		
Operating lease right-of-use assets		
Operating lease right-of-use assets		
Right-of-use assets classified as held-for-sale		
Total right-of-use assets		
Operating lease liabilities		
Operating lease liabilities		
Operating lease liabilities		
Lease liabilities related to assets held-for-sale		
Total operating lease liabilities		

The contractual future maturities of the Company's operating lease liabilities as of June 30, 2024 September 29, 2024, including anticipated lease extensions, are as follows (in millions):

Fiscal year:	
Remainder of 2024	

Remainder of 2024
Remainder of 2024
2025
2026
2027
2028
Thereafter
Total lease payments
Less: imputed interest
Total

The current portion of the operating lease liability as of June 30, 2024 September 29, 2024 was $17.3 million $21.5 million.

Supplemental cash flow information for the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 related to leases was as follows (in millions):

	Twenty-Six Weeks Ended		
	June 30, 2024	June 25, 2023	
	Thirty-Nine Weeks Ended		
	September 29, 2024	September 24, 2023	
Cash paid for amounts included in the measurement of operating lease liabilities:	Cash paid for amounts included in the measurement of operating lease liabilities:		Cash paid for amounts included in the measurement of operating lease liabilities:
Operating cash flows from operating leases			

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NOTE 9. DEBT

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

	June 30, 2024
	June 30, 2024
	June 30, 2024
	September 29, 2024
	September 29, 2024
	September 29, 2024
	Final Maturity
	Final Maturity
	Final Maturity
Senior Debt	
Senior Debt	
Senior Debt	
FB Royalty Securitization	
FB Royalty Securitization	
FB Royalty Securitization	
GFG Royalty Securitization	
GFG Royalty Securitization	
GFG Royalty Securitization	
Twin Peaks Securitization	
Twin Peaks Securitization	

Twin Peaks Securitization
Fazoli's/Native Securitization
Fazoli's/Native Securitization
Fazoli's/Native Securitization
FB Resid Securitization
FB Resid Securitization
FB Resid Securitization
Senior Subordinated Debt
Senior Subordinated Debt
Senior Subordinated Debt
FB Royalty Securitization
FB Royalty Securitization
FB Royalty Securitization
GFG Royalty Securitization
GFG Royalty Securitization
GFG Royalty Securitization
Twin Peaks Securitization
Twin Peaks Securitization
Twin Peaks Securitization
Fazoli's/Native Securitization
Fazoli's/Native Securitization
Fazoli's/Native Securitization
FB Resid Securitization
FB Resid Securitization
FB Resid Securitization
Subordinated Debt
Subordinated Debt
Subordinated Debt
FB Royalty Securitization
FB Royalty Securitization
FB Royalty Securitization
GFG Royalty Securitization
GFG Royalty Securitization
GFG Royalty Securitization
Twin Peaks Securitization
Twin Peaks Securitization
Twin Peaks Securitization
Fazoli's/Native Securitization
Fazoli's/Native Securitization
Fazoli's/Native Securitization
Total Securitized Debt
Total Securitized Debt
Total Securitized Debt
Elevation Note
Elevation Note
Elevation Note
Equipment Notes
Equipment Notes
Equipment Notes
Twin Peaks Equipment Notes
Twin Peaks Equipment Notes

Twin Peaks Equipment Notes
Twin Peaks Construction Loan III
Twin Peaks Construction Loan III
Twin Peaks Construction Loan III
Twin Peaks Construction Loan IV
Twin Peaks Construction Loan IV
Twin Peaks Construction Loan IV
Twin Peaks Promissory Note
Twin Peaks Promissory Note
Twin Peaks Promissory Note
Total Debt
Total Debt
Total Debt
Current portion of long-term debt
Current portion of long-term debt
Current portion of long-term debt
Long-term Debt
Long-term Debt
Long-term Debt

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 Inc., completed the issuance and sale of three tranches of fixed rate secured notes with a total aggregate principal amount of $144.5 million.

On July 6, 2022, FB Royalty issued an additional $76.5 million aggregate principal amount of three tranches of fixed rate secured notes. 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) as discussed in Note 10.

Prior to the redemption, the Twin Peaks sellers held 2,847,393 shares of Series B Cumulative Preferred Stock.

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. During the first quarter of 2024, the Company paid $1.0 million to settle the 10% per annum interest in perpetuity and to settle the put option. As a result, as of June 30, 2024 September 29, 2024, the outstanding principal balance owned by the Twin Peaks sellers is no longer subject to the put option.

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 FAT Brands, completed the issuance and sale in a private offering of three tranches of fixed rate secured notes with a total aggregate principal amount of $350.0 million. 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 secured notes. Of the $113.5 million aggregate principal amount, $25.0 million was sold privately during the fourth quarter of 2022. 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. In October 2023, $20.2 million aggregate principal amount previously issued to FAT Brands Inc. was sold privately resulting in net proceeds of $18.1 million. The remaining $25.3 million in aggregate principal amount remains issued to FAT Brands, Inc., pending sale to third party investors.

The GFG Royalty 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 three tranches of fixed rate secured notes with a total aggregate principal amount of $250.0 million. 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. 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.

On March 20, 2024, FAT Brands Twin Peaks I, LLC issued an additional $50.0 million aggregate principal amount of one tranche of fixed rate secured notes to FAT Brands Inc., pending sale to third party investors. Of the $50.0 million aggregate principal amount, $38.8 million was sold privately during the first quarter of 2024 resulting in net proceeds of $36.4 million. A portion of the proceeds was used to purchase $7.4 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 $0.4 million net gain on extinguishment of debt. During the second quarter of 2024, the remaining $11.2 million in aggregate principal of notes was sold privately to a third party investor resulting in net proceeds of $10.7 million.

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 three tranches of fixed rate secured notes with a total aggregate principal amount of $193.8 million. 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.

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 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 in 2023, 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.

Retained Notes

During the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024, the Company repurchased certain of its securitized notes to be held for resale to third party investors and sold certain of its securitized notes previously repurchased or issued and not sold (collectively, the "Retained Notes"). During the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024, cash proceeds from the sale of Retained Notes and cash used to repurchase Retained Notes was $90.3 $102.2 million and $29.9 $32.4 million including accrued interest, respectively. The $90.3 $102.2 million includes the sale of $50.0 million aggregate principal Twin Peaks Securitization notes issued in 2024 in addition to securitization notes previously held in wholly-owned subsidiaries of Fat Brands Inc. As of June 30, 2024 September 29, 2024, the Company held $180.3 $166.5 million of Retained Notes, which have been eliminated in consolidation.

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 June 30, 2024 September 29, 2024, 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 annum and maturing in July 2026. The Elevation Note is convertible, under certain circumstances, into shares of the Company's common stock at $12.00 per share.

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 Financings (Twin Peaks)

During fiscal year 2022, an indirect subsidiary one of our wholly-owned subsidiaries entered into certain equipment financing arrangements to borrow up to $1.4 million, the Company proceeds of which were used to purchase certain equipment for a company-owned restaurant that opened in 2022 and to retrofit certain existing company-owned restaurants with equipment (which we refer to as the "2022 Equipment Financings"). The 2022 Equipment Financings have maturity dates between May 5, 2027 and March 7, 2028 and bear interest at fixed rates between 7.99% and 8.49% per annum.

During 2023, one of our wholly-owned subsidiaries 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 company-owned restaurant and (which we refer to retrofit existing restaurants with equipment (the "Equipment as the "2023 Equipment Financing"). The 2023 Equipment Financing has maturity dates between August 10, 2027 that are 48 months from the date of each draw, and April 1, 2028, and bear bears interest at fixed rates between 7.99% and 8.49% 11.5% per annum. The Equipment Financing is secured by

During 2024, one of our wholly-owned subsidiaries entered into certain equipment of the Twin Peaks restaurant.

Construction Loan Agreement (Twin Peaks)

On December 5, 2022, an indirect subsidiary of the Company entered into a construction loan agreement financing arrangements to borrow up to $4.5 $4.2 million, the proceeds of which will be used to purchase certain equipment for a three new corporate company-owned Twin Peaks restaurant (the "Construction Loan" restaurants (which we refer to as the "2024 Equipment Financing"). The Construction Loan 2024 Equipment Financing has an initial maturity dates that are 48 months from the date of August 5, 2023, with an optional six-month extension, bearing each draw, and bears interest at the greater of the 3-month Secured Overnight Financing Rate (SOFR) plus 360 basis points, or 8% 11.5% 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. annum.

On March 9, 2023 The 2022 Equipment Financings, the 2023 Equipment Financing, and the 2024 Equipment Financing are secured by certain equipment of such respective company-owned restaurants. As of September 29, 2024, an indirect subsidiary the total outstanding principal amount under them on a collective basis was $4.7 million, and as of December 31, 2023, 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 total outstanding principal amount was $1.9 million.

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.

Agreement (Twin Peaks)

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" "Construction Loan III"). The McKinney Construction Loan III 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. As of June 30, 2024 September 29, 2024, the total amount outstanding on the McKinney Construction Loan III was $2.7 $3.6 million. The Construction Loan III was paid in full during the fourth quarter of 2024.

On September 20, 2024, an indirect subsidiary of the Company entered into a loan agreement to borrow $3.2 million with an initial maturity of October 1, 2025, bearing interest at 12.5% per annum and is secured by land and building of a new corporate restaurant. As of September 29, 2024, the total amount outstanding on this loan was $3.2 million.

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% and has a maturity of October 4, 2024. As of September 29, 2024, the total outstanding amount on the promissory note was $0.1 million. This promissory note was paid in full on its maturity date.

NOTE 10. 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 June 30, 2024 September 29, 2024, 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. During the thirteen and twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 the Company paid $0.8 million $0.9 million and $1.6 million $2.5 million of 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 8.25% 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.

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 9.

As of June 30, 2024 September 29, 2024, 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 for the thirteen and twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 in the amount of $0.6 million and $1.2 million $1.8 million.

NOTE 11. 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. As of June 30, 2024 September 29, 2024, there were 3,178,199 3,153,199 shares of stock options outstanding with a weighted average exercise price of $9.16. $9.15.

During the thirteen and twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024, the Company granted a total of 326,360 stock options under the Plan with a grant date fair value of $0.9 million. During the thirteen and twenty-six weeks ended June 25, 2023, the Company granted a total of 566,907 These stock options under the Plan with a grant date fair value of $1.0 million. The related compensation expense will be recognized over the vesting period.

The Company recognized share-based compensation expense were grated in the amount of $0.7 million first two quarters this year and $0.5 million during the thirteen weeks ended June 30, 2024 and June 25, 2023, respectively. The Company recognized share-based compensation expense in the amount of $1.4 million and $1.6 million during the twenty-six weeks ended June 30, 2024 and June 25, 2023, respectively. As of June 30, 2024, there remains $1.8 million of related share-based compensation expense relating to non-vested grants, which will be recognized over the remaining vesting period of approximately 2.7 years, subject to future forfeitures. were no new grants in the third quarter. During the thirteen and thirty-nine weeks ended September 24, 2023, the Company granted a total of 188,180 and 755,087 stock options under the Plan with a grant date fair value of $0.5 million and $1.5 million, respectively. The related compensation expense will be recognized over the vesting period.

The Company recognized share-based compensation expense in the amount of $0.5 million and $1.1 million during the thirteen weeks ended September 29, 2024 and September 24, 2023, respectively. The Company recognized share-based compensation expense in the amount of $2.0 million and $2.7 million during the thirty-nine weeks ended September 29, 2024 and September 24, 2023, respectively. As of September 29, 2024, there remains $1.2 million of related share-based compensation expense relating to non-vested grants, which will be recognized over the remaining vesting period of approximately 2.8 years, subject to future forfeitures.

NOTE 12. WARRANTS

The Company's warrant activity for the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 was as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Warrants exercisable at December 31, 2023 Warrants exercisable at December 31, 2023	1,048,438	$ $ 2.95	1.6 1.6	Warrants exercisable at December 31, 2023 1,048,438	$ $ 2.95	1.6 1.6
Exercised						
Exercised						
Exercised	(88,221)	$ $ 2.67	1.0 1.0	(154,259)	$ $ 2.56	1.0 1.0
Warrants outstanding and exercisable at June 30, 2024	960,217	$ 2.71	1.1			
Warrants outstanding and exercisable at September 29, 2024	894,179	$ 2.61	0.8			

During the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024, 88,221 154,259 warrants were exercised in exchange for 88,221 154,259 shares of common stock with net proceeds to the Company of $0.2 million $0.4 million.

NOTE 13. COMMON STOCK

On July 9, 2024 October 29, 2024, the Board of Directors declared a cash dividend of $0.14 per share of Class A common stock and Class B common stock, Common Stock, payable on August 30, 2024 November 29, 2024 to stockholders of record as of August 15, 2024 November 15, 2024.

On November 14, 2022, we entered into an ATM Sales Agreement (the "ThinkEquity 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 Preferred Stock. During the three months ended June 30, 2024 pursuant to the ThinkEquity Sales Agreement, the Company sold and issued 62,296 shares of Series B Cumulative Preferred Stock, at a weighted average share price of $15.40, paid the Agent commissions of $28,787 for such sales and received net proceeds of $0.9 million (net of fees and commissions) for such sales. The ThinkEquity Sales Agreement with the Agent was terminated in May 2024.

On July 19, 2024, we entered into an Equity Distribution Agreement (the "Noble Sales Agreement") with Noble Capital Markets, Inc. (the "Sales Agent"), pursuant to which we may offer and sell from time to time through the Sales Agent shares (the "Placement Shares") of our Class A Common Stock and/or 8.25% Series B Cumulative Preferred Stock. During the three months ended September 29, 2024, pursuant to the Noble Sales Agreement, the Company sold and issued 27,110 shares of Class A Common Stock, at a weighted average share price of $5.25, paid the Sales Agent commissions of $4,270 for such sales and received net proceeds of $137,950 (net of fees and commissions) for such sales. During the three months ended September 29, 2024, pursuant to the Noble Sales Agreement, the Company sold and issued 69,576 shares of 8.25% Series B Cumulative Preferred Stock, at a weighted average share price of $10.81, paid the Sales Agent commissions of $22,565 for such sales and received net proceeds of $729,336 (net of fees and commissions) for such sales.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Government Investigations and Litigation

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 CEO, 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. ("FCCG"), 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.

On May 10, 2024, the U.S. Department of Justice (“DOJ”) indicted the Company on two violations of Section 402 of the Sarbanes-Oxley Act for directly and indirectly extending and/or arranging for the extension of credit in 2019 and 2020 to former CEO Andrew Wiederhorn in the amount of $2.65 million. These charges allege that the Company, through its subsidiary Fatburger N.A., transferred approximately $600,000 to Mr. Wiederhorn in the form of a personal loan on January 30, 2019, and lent approximately $2 million in 2020 to its former parent company FCCG which indirectly funded a personal loan from FCCG to Mr. Wiederhorn. The indictment also includes charges against Mr. Wiederhorn, the Company’s former CFO, Rebecca Hershinger, and the Company’s former tax advisor, William Amon, on violations of various federal tax and other laws related to loans from FCCG to Mr. Wiederhorn.

Concurrently with the DOJ’s charges, the SEC filed a complaint against the Company, claiming violations of Section 17(a)(2) of the Securities Act of 1933; Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), 13(k), and 14(a) of the Securities Exchange Act of 1934; and Rules 10b-5(b), 12b-20, 13a-1, 13a-13, 14a-3, and 14a-9 thereunder. The SEC’s claims pertain principally to allegations that, for fiscal periods covering 2017 through 2020, the Company failed to disclose certain related party transactions, failed to disclose the salaries of Mr. Wiederhorn’s adult children working at the Company, failed to maintain

proper books and records and internal accounting controls, made false or misleading statements regarding the Company’s liquidity and use of proceeds from certain transactions, and directly or indirectly extended credit to Mr. Wiederhorn in the form of a personal loan. The SEC’s complaint also names Mr. Wiederhorn, Ms. Hershinger, and the Company’s SVP of Finance, Ron Roe, as defendants. The SEC is seeking injunctive relief, disgorgement, and civil monetary penalties.

The Company is evaluating these charges and intends to vigorously defend itself against them.

Derivative Litigation

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 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. On June 3, 2024, the Court granted the United States’ request to further extend the stay of all proceedings pending resolution of the charges in United States v. Wiederhorn et al., 2:24-CR-295-RGK (C.D. Cal.). 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 Subsequently, the Court granted an extension multiple stays of the stay of all proceedings in this case, currently through May 6, 2024, granting the SLC an additional 90 days to complete its investigation, and on May 7, 2024,

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the Court granted the SLC another 90-day extension, staying proceedings through August 5, 2024 November 4, 2024. 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.

Other Litigation

Mitchell Kates v. FAT Brands, Inc., Andrew Wiederhorn, Kenneth J. Kuick and Robert G. Rosen (United States District Court for the Central District of California, Case No. 2:24-cv-04775-MWF-MAA)

On June 7, 2024, plaintiff Mitchell Kates, a putative investor in the Company, filed a putative class action lawsuit against the Company, Andrew Wiederhorn, Kenneth J. Kuick and Robert G. Rosen, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and Rule 10b-5 promulgated thereunder, alleging that the defendants are responsible for made false and misleading statements and omitted material facts necessary to make statements not misleading in the Company's reports filed with the SEC under the 1934 Act related to the subject matter of the government investigations and litigation discussed above, the Company's handling of these matters and its cooperation with the government.The plaintiff alleges that the Company's public statements wrongfully inflated the trading price of the Company's common stock, preferred stock and warrants. The plaintiff is seeking to certify the complaint as a class action and is seeking compensatory damages in an amount to be determined at trial. As this matter is still in the early stages, we cannot predict the outcome of this lawsuit.

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.

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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. On April 10, 2024, SBN filed a notice of appeal of the trial court's order dismissing SBN's complaint. 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 June 30, 2024 September 29, 2024, 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.

NOTE 15. GEOGRAPHIC INFORMATION

Revenue by geographic area was as follows (in millions):

	Thirteen Weeks Ended	Thirteen Weeks Ended		Twenty-Six Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023		
	September 29, 2024	September 24, 2023	September 29, 2024	September 24, 2023		
United States						
Other countries						
Total revenue						

Revenue is shown based on the geographic location of our company-owned and franchisees' restaurants. All assets are located in the United States.

During the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023, no individual franchisee accounted for more than 10% of the Company's revenue.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations, financial condition, and liquidity and capital resources should be read in conjunction with our financial statements and related notes for the thirteen and twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023, as applicable. Certain statements made or incorporated by reference in this report and our other filings with the Securities and Exchange Commission, in our press releases, and in statements made by or with the approval of authorized personnel constitute 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, or the Exchange Act, and are subject to the safe harbor created thereby. Forward-looking statements reflect intent, belief, current expectations, estimates or projections about, among other things, our industry, management's beliefs, and future events and financial trends affecting us. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", and variations of these words or similar expressions are intended to identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Although we believe the expectations reflected in any forward-looking statements are reasonable, such statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors. These differences can arise as a result of the risks described in the section entitled "Item 1A. Risk Factors" in our Annual Report on Form 10-K filed on March 12, 2024 "Item 1A. Risk Factors" and elsewhere in this report, as well as other factors that may affect our business, results of operations, or financial condition. Forward-looking statements in this report speak only as of the date hereof, and forward-looking statements in documents incorporated by reference speak only as of the date of those documents. Unless otherwise required by law, we undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, we cannot assure you that the forward-looking statements contained in this report will, in fact, transpire.

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 June 30, 2024 September 29, 2024, the Company owned 18 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 June 30, 2024 September 29, 2024, 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 2024 fiscal year is a 52-week year. The 2023 fiscal year was a 53-week year.

Results of Operations of FAT Brands Inc.

The following table summarizes key components of our condensed consolidated results of operations for the *thirteen and* twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023.

(dollars in thousands)

	Thirteen Weeks Ended	Thirteen Weeks Ended		Twenty-Six Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023		
	September 29, 2024	September 24, 2023	September 29, 2024	September 24, 2023		
Statements of Operations Data:						
Revenue						
Revenue						
Revenue						
Royalties						
Royalties						
Royalties						
Restaurant sales						
Advertising fees						
Factory revenues						
Franchise fees						
Other revenue						
Total revenue						
Costs and expenses						
Costs and expenses						
Costs and expenses						
General and administrative expense						
Cost of restaurant and factory revenues						
Depreciation and amortization						
Refranchising loss						
Advertising fees						
Advertising fees						
Advertising fees						
Total costs and expenses						
(Loss) income from operations						
(Loss) income from operations						
(Loss) income from operations						
Total other expense, net						
Total other expense, net						

Total other expense, net

Loss before income tax provision

Loss before income tax provision

Loss before income tax provision

Loss before income tax provision (benefit)

Loss before income tax provision (benefit)

Loss before income tax provision (benefit)

Income tax provision

Income tax provision

Income tax provision

Income tax provision (benefit)

Income tax provision (benefit)

Income tax provision (benefit)

Net loss

Net loss

Net loss

For the Twenty-Six Thirty-Nine Weeks Ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023:

Revenue - Revenue consists of royalties, franchise fees, advertising fees, restaurant sales, factory revenue and other revenue. Total revenue increased $91.6 million $125.6 million, or 43.1% 39.0%, in the first two three quarters of 2024 to $304.0 million $447.4 million compared to $212.5 million $321.8 million in the same period of 2023 primarily driven by the acquisition of Smokey Bones in September 2023 and revenues from new restaurant openings.

Costs and expenses – Costs and expenses consist of general and administrative expense, cost of restaurant and factory revenues, depreciation and amortization, refranchising net loss and advertising fees. Costs and expenses increased $114.5 163.9 million, or 59.1% 55.3%, in the first two three quarters of 2024 to $308.1 million $460.3 million compared to the same period in the prior year, primarily due to the acquisition of Smokey Bones in September 2023 and increased activity from Company-owned restaurants and the Company's factory.

General and administrative expense increased $21.2 million $31.2 million, or 55.3% 49.7%, in the first two three quarters of 2024 to $94.0 million compared to $38.4 million $62.8 million in the same period in the prior year, primarily due to the acquisition of Smokey Bones in September 2023 and the recognition of $12.7 million $13.7 million in Employee Retention Credits during the second quarter first three quarters of fiscal year 2023, partially offset by the recognition of $2.1 million $3.4 million in Employee Retention Credits during the second quarter first three quarters of fiscal year 2024.

Cost of restaurant and factory revenues was related to the operations of the company-owned restaurant locations and dough factory and increased $80.6 million $118.2 million, or 67.9% 66.5%, in the first two three quarters of fiscal year 2024, primarily due to the acquisition of Smokey Bones in September 2023 and higher company-owned restaurant and factory sales.

Depreciation and amortization increased $6.3 million $10.0 million, or 44.2% 46.9% in the first two three quarters of 2024 compared to the same period in the prior year, primarily due to the acquisition of Smokey Bones in September 2023 and depreciation of new property and equipment at company-owned restaurant locations.

Refranchising net loss in the first two three quarters of 2024 of $1.7 million $1.8 million was comprised of $0.7 million $0.8 million in restaurant operating costs, net of food sales, and $1.0 million in net loss related to the sale or closure of refranchised restaurants. Refranchising net loss in the first two three quarters of 2023 of $0.3 million $0.7 million was comprised of $0.4 million $0.8 million in restaurant operating costs, net of food sales, partially offset by $0.1 million in net gains related to the sale or closure of refranchised restaurants.

Advertising expenses increased $5.1 million $3.5 million in the first two three quarters of 2024 compared to the prior year period. These expenses vary in relation to advertising revenues.

Total other expense, net, for the first two three quarters of 2024 and 2023 was $68.2 million $103.9 million and $54.2 million $86.8 million, respectively, which is inclusive of interest expense of $68.0 million $103.6 million and $54.5 million $84.2 million, respectively. This increase is primarily due to new debt offerings which occurred in the first three quarters of fiscal year 2023. Total other expense, net, for the first two three quarters of 2024 also consisted of a $0.4 million net gain on the extinguishment of debt. Total other expense, net, for the first three quarters of 2023 also consisted of a $2.7 million net loss on the extinguishment of debt.

Income tax provision – The effective rate was 7.5% (4.8)% and 11.0% (4.2)% for the first two three quarters of fiscal year 2024 and fiscal year 2023, respectively. The difference in effective rate was primarily due to increases in our the valuation allowance. allowance, nondeductible expenses and the impact of state income taxes.

For the Thirteen Weeks Ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023:

Revenue - Revenue consists of royalties, franchise fees, advertising fees, restaurant sales, factory revenue and other revenue. Total revenue increased $45.3 million $34.0 million, or 42.4% 31.1%, in the second third quarter of 2024 to $152.0 million $143.4 million compared to $106.8 million $109.4 million in the same period of 2023, driven by the acquisition of Smokey Bones in September 2023 and revenues from new restaurant openings.

Costs and expenses – Costs and expenses consist of general and administrative expense, cost of restaurant and factory revenues, depreciation and amortization, refranchising net loss and advertising fees. Costs and expenses increased $66.4 49.5 million, or 75.2% 48.1%, in the second third quarter of 2024 to $154.7 million $152.2 million compared to the same period in the prior year, primarily due to the acquisition of Smokey Bones in September 2023 and increased activity from Company-owned restaurants and the Company's factory.

General and administrative expense increased $19.6 million $10.0 million, or 197.2% 41.0%, in the second third quarter of 2024 to $34.5 million compared to $9.9 million $24.5 million in the same period in the prior year, primarily due to the acquisition of Smokey Bones in September 2023 and the recognition of $12.7 million in Employee Retention Credits during the second quarter of fiscal year 2023, partially offset by the recognition of $2.1 million in Employee Retention Credits during the second quarter of fiscal year 2024. increased professional fees related to pending litigation.

Cost of restaurant and factory revenues was related to the operations of the company-owned restaurant locations and dough factory and increased $40.6 million $37.6 million, or 68.3% 63.6%, in the second third quarter of 2024, primarily due to the acquisition of Smokey Bones in September 2023 and higher company-owned restaurant sales.

Depreciation and amortization increased $3.2 million $3.7 million, or 45.1% 52.5% in the second third quarter of 2024 compared to the same period in the prior year, primarily due to the acquisition of Smokey Bones in September 2023 and depreciation of new property and equipment at company-owned restaurant locations.

Refranchising net loss in the second quarter of 2024 of $0.2 million was comprised of $0.5 million in net loss related to the sale or closure of refranchised restaurants, offset by $0.3 million in restaurant food sales, net of operating costs. Refranchising net loss in the second quarter of 2023 of $0.2 million was comprised of $0.2 million in restaurant operating costs, net of food sales.

Refranchising net loss in the third quarter of 2024 of $0.2 million was comprised of restaurant operating costs, net of food sales. Refranchising net loss in the third quarter of 2023 of $0.4 million was comprised of restaurant operating costs, net of food sales.

Advertising expenses increased $3.0 million decreased $1.6 million in the second third quarter of 2024 compared to the prior year period. These expenses vary in relation to advertising revenues.

Total other expense, net, for the second third quarter of 2024 and 2023 was $34.8 million $35.8 million and $24.2 million $32.6 million, respectively, which is inclusive of interest expense of $34.0 million $35.5 million and $24.3 million $29.7 million, respectively. This increase is primarily due to new debt issuances. Total other expense, net, for the third quarter of 2023 also consisted of a $2.7 million net loss on the extinguishment of debt.

Income tax provision – The effective rate was 5.1% (0.3)% and 23.4% 5.0% for the second third quarter of 2024 and 2023, respectively. The difference in effective rate was primarily due to increases in our the valuation allowance. allowance, nondeductible expenses and the impact of state income taxes.

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 twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 consisted of cash on hand at the beginning of the period and net proceeds of $10.8 million $69.9 million from the sale of secured debt as discussed in Note 9 of the accompanying condensed 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 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.

Comparison of Cash Flows

Our cash and restricted cash balance was $73.1 million $66.7 million as of June 30, 2024 September 29, 2024, compared to $91.9 million as of December 31, 2023.

The following table summarizes key components of our condensed consolidated cash flows for the 26 39 weeks ended June 30, 2024 September 29, 2024 and June 25, 2023 September 24, 2023:

For the Twenty-Six Thirty-Nine Weeks Ended

(*in millions*)

	June 30, 2024	June 25, 2023
	September 29, 2024	September 24, 2023
Net cash used in operating activities		
Net cash used in investing activities		
Net cash provided by financing activities		
Net cash flows		

Operating Activities

Net cash used in operating activities increased $21.4 22.8 million in the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 compared to 2023, 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 $18.2 $26.0 million in the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024, compared to net cash used in investing activities of $6.9 $14.3 million in the comparable period of 2023, primarily driven by increases in purchases of property and equipment in connection with company-owned restaurants.

Financing Activities

Net cash provided by financing activities was $42.0 $46.6 million in the twenty-six thirty-nine weeks ended June 30, 2024 September 29, 2024 and primarily comprised of proceeds from borrowings, partially offset by repayments of borrowings and dividends paid on our Class A and Class B Common Stock and our Series B Cumulative Preferred Stock.

Dividends

On January 9, 2024, the Board of Directors declared a cash dividend of $0.14 per share of Class A common stock and Class B common stock, payable on March 1, 2024 to stockholders of record as of February 15, 2024, for a total of $2.4 million. On April 17, 2024, the Board of Directors declared a cash dividend of $0.14 per share of Class A and Class B Common Stock, payable on May 31, 2024 to stockholders of record as of May 15, 2024, for a total of $2.4 million. On July 9, 2024, the Board of Directors declared a cash dividend of $0.14 per share of Class A and Class B Common Stock, payable on August 30, 2024 to stockholders of record as of August 15, 2024, for a total of $2.4 million. On October 29, 2024, the Board of Directors declared a cash dividend of $0.14 per share of Class A and Class B Common Stock, payable on November 29, 2024 to stockholders of record as of November 15, 2024.

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 June 30, 2024 September 29, 2024, we do not have any material commitments for capital expenditures.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and accompanying notes are prepared in accordance with GAAP. Preparing condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by the application of our accounting policies. Our significant accounting policies are described in our Annual Report on Form 10-K for the year ended December 31, 2023 filed on March 12, 2024. Critical accounting estimates are those that require application of management's most difficult,

subjective or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. While we apply our judgment based on assumptions believed to be reasonable under the circumstances, actual results could vary from these assumptions. It is possible that materially different amounts would be reported using different assumptions. Our critical accounting estimates are identified and described in our annual consolidated financial statements and the related notes included in our Annual Report on Form 10-K for our fiscal year ended December 31, 2023 filed on March 12, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Required.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our principal executive officers and principal financial officer, we carried out an evaluation of the effectiveness of our Disclosure Controls and Procedures (as defined in the Securities and Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, our principal executive officers and principal financial officer have concluded that our Disclosure Controls and Procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting in connection with an evaluation that occurred during the thirteen weeks ended June 30, 2024 September 29, 2024 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Inherent Limitations Over Internal Controls

We do not expect that our Disclosure Controls and Procedures will prevent all error and all fraud. A control procedure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control procedures are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of frauds, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. 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.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, please see Note 14, *Commitments and Contingencies*, to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, which Note is incorporated by reference in this Item 1.

ITEM 1A. RISK FACTORS

You should carefully consider the factors discussed below and in Part I, Item 1A. "Risk Factors" and elsewhere in our Annual Report on Form 10-K filed on March 12, 2024, which could materially affect our business, financial condition, cash flows or future results. The risks described below and in our Annual Report are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

We face risks related to pending government charges and are a party to stockholder litigation, which could cause us to incur additional expenses and could materially adversely affect our business, financial condition, and reputation.

On May 10, 2024, the U.S. Department of Justice indicted the Company on two violations of Section 402 of the Sarbanes-Oxley Act for directly and indirectly extending and/or arranging for the extension of credit in 2019 and 2020 to our former Chief Executive Officer, Andrew Wiederhorn, in the aggregate amount of $2.65 million. In addition, the SEC filed a complaint against us alleging that for periods covering 2017 through 2020, we failed to disclose certain related party transactions, failed to maintain proper books and records and internal accounting controls, made false or misleading statements regarding our liquidity and use of proceeds from certain transactions, and directly or indirectly extended credit to Mr. Wiederhorn in the form of a personal loan. A putative civil securities class action lawsuit was subsequently filed in June 2024 by an investor against our Company, Mr. Wiederhorn and our co-Chief Executive Officers, alleging that the defendants made false and misleading statements and omitted material facts in our reports filed with the SEC related to the subject matter of the government investigations and litigation, our handling of these matters, and our cooperation with the government. Such governmental charges and stockholder action present certain risks, and at this stage, we are not able to reasonably estimate the outcome or duration of these actions, nor can we predict what consequences any such action may have on our Company. Moreover, there could be developments of which we are not aware, and which could result in further proceedings against Mr. Wiederhorn, our Company, and our other directors, officers and employees. We may incur additional costs in connection with the defense or settlement of existing and any future government charges and stockholder actions.

These pending government charges and stockholder litigation, the results thereof, including any fines, penalties or settlements payable by us, and any actions that we have taken or may take as a result thereof may materially adversely affect our business, financial condition, and reputation. If we are ultimately subject to adverse findings resulting from such pending government charges and stockholder litigation, we could be required to pay damages and/or penalties or have other remedies imposed on us, and we and/or our directors, officers or employees may be subject to additional civil litigation against our Company and/or our directors and officers regarding such matters.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the fiscal quarter ended June 30, 2024 September 29, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

		Incorporated By Reference to			Filed Herewith
	Description	Form	Exhibit	Filing Date	
10.1	Equity Distribution Agreement, dated July 19, 2024, by and between the Company and Noble Capital Markets, Inc.	8-K	10.1	7/19/2024	
31.1	Co-Chief Executive Officer and Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Co-Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	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				X
101.INS	Inline XBRL Instance Document				X (Furnished)
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X (Furnished)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X (Furnished)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X (Furnished)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X (Furnished)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X (Furnished)

	Description	Incorporated By Reference to			Filed Herewith
		Form	Exhibit	Filing Date	
31.1	Co-Chief Executive Officer and Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Co-Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	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				X
101.INS	Inline XBRL Instance Document				X (Furnished)
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X (Furnished)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X (Furnished)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X (Furnished)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X (Furnished)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X (Furnished)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FAT BRANDS INC.

August 1, October 31, 2024 By *_/s/ Kenneth J. Kuick_*

Kenneth J. Kuick

Co-Chief Executive Officer and Chief Financial Officer

(Principal Financial Officer and duly authorized signatory for the registrant)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, Kenneth J. Kuick, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 and procedures, 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: August 1, 2024 October 31, 2024

/s/ Kenneth J. Kuick

Kenneth J. Kuick
Co-Chief Executive Officer and Chief Financial Officer
(Principal Executive and Financial Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, Robert G. Rosen, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 and procedures, 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: August 1, 2024 October 31, 2024	*/s/ Robert G. Rosen*
	Robert G. Rosen
	Co-Chief Executive Officer
	(Principal Executive Officer)

Exhibit 32.1

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 his capacity as an officer of FAT Brands Inc., that, to his or her knowledge, the Quarterly Report of FAT Brands Inc. on Form 10-Q for the period ended June 30, 2024 September 29, 2024 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.

Date: August 1, 2024 October 31, 2024	By	*/s/ Kenneth J. Kuick*
		Kenneth J. Kuick
		Co-Chief Executive Officer and Chief Financial Officer
		(Principal Executive, Financial and Accounting Officer)
Date: August 1, 2024 October 31, 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.

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