IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	:	Chapter 11
FAT BRANDS INC., *et al.*,	:	Case No. 26-90126 (ARP)
Debtors.[1]	:	(Jointly Administered)

MOTION OF DEBTORS FOR ENTRY OF AN ORDER (I) APPROVING THE POSTPETITION ISSUANCE AND SALE OF COMMON STOCK OF DEBTOR TWIN HOSPITALITY GROUP INC.; (II) AUTHORIZING THE DEBTORS TO USE SALE PROCEEDS; AND (III) GRANTING RELATED RELIEF

If you object to the relief requested, you must respond in writing. Unless otherwise directed by the Court, you must file your response electronically at https://ecf.txsb.uscourts.gov/ within twenty-one days from the date this motion was filed. If you do not have electronic filing privileges, you must file a written objection that is actually received by the clerk within twenty-one days from the date this motion was filed. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

The above-captioned debtors and debtors in possession (collectively, the "***Debtors***") respectfully state as follows in support of this motion (this "***Motion***"):

RELIEF REQUESTED

1. By this Motion, the Debtors seek entry of an order substantially in the form attached hereto (the "***Proposed Order***"): (i) approving the postpetition issuance and sale of common stock of Debtor Twin Hospitality Group Inc.; (ii) authorizing the Debtors to use the sale proceeds, and (iii) granting related relief.

[1] A complete list of the Debtors in the Chapter 11 Cases and the last four digits of each Debtor's taxpayer identification number (if applicable) may be obtained on the website of the Debtors' claims and noticing agent at https://omniagentsolutions.com/FATBrands-TwinHospitality. The Debtors' mailing address for purposes of the Chapter 11 Cases is 9720 Wilshire Blvd., Suite 500, Beverly Hills, CA 90212.

2. Prior to the filing of this Motion, the Debtors previewed the relief requested and the Issuance (as defined below) to Judge Marvin Isgur (as the mediator)[2] and parties in interest, including: the Office of the United States Trustee for the Southern District of Texas, counsel to the WBS Ad Hoc Group, and counsel to the Resid Noteholders.

JURISDICTION AND VENUE

3. The United States Bankruptcy Court for the Southern District of Texas (the "***Court***") has jurisdiction to consider this Motion under 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b), and the Court may enter a final order consistent with Article III of the United States Constitution.

4. Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

5. The statutory and legal predicates for the relief requested herein are sections 105 and 363 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "***Bankruptcy Code***"), rule 6004 of the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***"), and the Procedures for Complex Cases in the Southern District of Texas (the "***Complex Case Procedures***").

BACKGROUND

6. On January 26, 2026 (the "***Petition Date***"), the Debtors filed voluntary petitions in this Court commencing cases for relief under chapter 11 of the Bankruptcy Code (collectively, the "***Chapter 11 Cases***"). The Debtors continue to operate their businesses and manage their properties as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee has been appointed in the Chapter 11 Cases.

[2] *See Stipulated Mediation Order Appointing Judge Marvin Isgur as Mediator* [Docket No. 105].

7. On January 27, 2026, the Court entered an order [Docket No. 31] authorizing joint administration of the Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b) and Bankruptcy Local Rule 1015-1.

8. FAT Brands Inc., Twin Hospitality Group Inc. ("***Twin Hospitality***"), and their Debtor subsidiaries (collectively, the "***Company***") comprise 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. With approximately 7,500 direct full-time and part-time employees, eighteen restaurant brands, and approximately 2,200 locations open or under construction (including over 150 Company-owned restaurants and over 1,900 franchised locations), the Company is one of the largest restaurant companies in the United States by number of locations.

9. The factual background regarding the Debtors, including their business, their capital structure, and the events leading to the commencement of the Chapter 11 Cases, is set forth in the *Declaration of John C. DiDonato in Support of Debtors' Chapter 11 Petitions and First Day Relief* [Docket No. 15] (the "***First Day Declaration***"), which is fully incorporated herein by reference.[3]

10. In support of this Motion, the Debtors filed contemporaneously herewith, the *Declaration of John C. DiDonato in Support of the Motion of Debtors for Entry of an Order (I) Approving the Postpetition Issuance and Sale of Common Stock of Debtor Twin Hospitality Group Inc.; (II) Authorizing the Debtors to Use Sale Proceeds; and (III) Granting Related Relief.*

[3] Capitalized terms used but not otherwise defined herein have the meaning assigned to them in the First Day Declaration.

MOTION-SPECIFIC BACKGROUND

I. Twin Hospitality's Common Stock Purchase Agreement with White Lion

11. On September 30, 2025, Twin Hospitality entered into a Common Stock Purchase Agreement attached hereto as **Exhibit A** (the "***Purchase Agreement***") and related Registration Rights Agreement attached hereto as **Exhibit B** (the "***RRA***") with White Lion Capital, LLC ("***White Lion***").[4] Pursuant to the Purchase Agreement, Twin Hospitality has the right to require White Lion to purchase, from time to time, up to $50.0 million in aggregate gross purchase price of previously unissued Class A common stock of Twin Hospitality (the "***Twin Common Stock***"), subject to certain limitations and conditions set forth in the Purchase Agreement.

12. In the Purchase Agreement, White Lion represented to Twin Hospitality that it is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act, and Twin Hospitality's offer and sale of the Twin Common Stock under the Purchase Agreement were made in reliance upon the exemptions from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof and Rule 506(b) of Regulation D promulgated thereunder.[5]

13. As contemplated by the RRA, Twin Hospitality filed a registration statement on Form S-1 (Registration No. 333-290752) covering the resale of Twin Common Stock purchased by White Lion pursuant to Purchase Agreement attached hereto as **Exhibit C** (together with all amendments thereto, the "***Resale Registration Statement***"). The Resale Registration Statement became effective on November 7, 2025 and remains effective through the date of this Motion. The

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[4] Both agreements were also publicly filed with the Securities and Exchange Commission (the "***SEC***"). *See* Twin Hospitality Group Inc., Form 8-K, Exhibits 10.1 and 10.2 (October 3, 2025) https://www.sec.gov/Archives/edgar/data/2011954/000149315225016878/form8-k.htm.

[5] *See* Purchase Agreement, Section 3.3 ("[White Lion] is an accredited investor as defined in Rule 501(a)(3) of Regulation D, and [White Lion] has such experience in business and financial matters that it is capable of evaluating the merits and risks of an investment in the Securities. [White Lion] acknowledges that an investment in the Securities is speculative and involves a high degree of risk.").

Resale Registration Statement allows White Lion to publicly resell Twin Common Stock acquired pursuant to the Purchase Agreement. As a result of its resale of the Twin Common Stock, White Lion is likely considered an underwriter under section 2(a)(11) of the Securities Act of 1933 and, as noted above, made representations as to its accredited investor status and independent diligence.[6]

14. Since Twin Hospitality and White Lion entered into the Purchase Agreement, Twin Hospitality has routinely sold Twin Common Stock to White Lion before the Petition Date, including (i) 75,000 shares on December 10, 2025, (ii) 50,000 shares on December 9, 2025, (iii) 50,000 shares on December 8, 2025, and (iv) 1,000,000 shares on December 5, 2025.

II. Chapter 11 Disclosures and Subsequent Delisting

15. On January 27, 2026, Twin Hospitality filed a Form 8-K disclosing the commencement of these Chapter 11 Cases (the "***Filing 8-K***")[7], which included the following disclosure under the caption "*Cautionary Note Regarding the Company's Securities"*—

> "The Company cautions that trading in its securities (including its common shares and notes) during the pendency of the Chapter 11 Cases is highly speculative and poses substantial risks. Trading prices for the Company's securities may bear little or no relationship to the actual recovery, if any, by holders of such securities in the Chapter 11 Cases. The Company expects that holders of Company's common shares of beneficial interest could experience a complete or significant loss on their investment, depending on the outcome of the Chapter 11 Cases."

16. The Filing 8-K also included language that forward-looking statements included in the Filing 8-K are not guaranteed and actual results may differ materially due to certain enumerated risks, including "the potential cancellation of the Company's equity." *Id.*

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[6] Purchase Agreement, §§ 3.3, 3.8.

[7] *See* Twin Hospitality Group Inc., Form 8-K (January 27, 2026), https://www.sec.gov/Archives/edgar/data/2011954/000149315226003699/form8-k.htm.

17. On January 29, 2026, Twin Hospitality also filed a Form 8-K disclosing a delisting notice, indicating that the trading of Twin Common Stock would be suspended at the opening of business on February 4, 2026 and its shares would subsequently be traded on the Pink Limited Market operated by the OTC Markets Group, Inc. This Form 8-K included the same cautionary note and forward looking statement language as the Filing 8-K noted above.[8]

18. Each of the Form 8-K disclosures filed by Twin Hospitality are deemed incorporated by reference in the Resale Registration Statement, which provides—

> "In addition, all documents subsequently filed by us with the [Securities and Exchange Commission] pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this registration statement of which this prospectus forms a part and to be a part hereof from the date of filing of such documents. Notwithstanding the foregoing, information that we elect to furnish, but not file, or have furnished, but not filed, with the SEC in accordance with SEC rules and regulations is not incorporated into this prospectus, shall not be deemed "filed" under the Securities Act, and does not constitute a part hereof."[9]

III. Postpetition Sale of Twin Common Stock to White Lion

19. On the Petition Date, the daily trading volume of the Twin Common Stock was 61,600 shares. Notwithstanding the commencement of these Chapter 11 Cases, Twin Common Stock has experienced increased trading volume since the Petition Date. In the days immediately following the Petition Date, the daily trading volume of the Twin Common Stock was (i) 1,584,800 shares on January 27, (ii) 2,847,700 shares on January 28, (iii) 2,902,400 shares on January 29, and (iv) 250,322,400 shares on January 30. On the Petition Date, the Twin Common Stock closed

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[8] *See* Twin Hospitality Group Inc., Form 8-K (January 29, 2026), https://www.sec.gov/Archives/edgar/data/2011954/000149315226004291/form8-k.htm.

[9] *See* Twin Hospitality Group Inc., Form S-1/A, Page 59 (October 17, 2025), https://www.sec.gov/Archives/edgar/data/2011954/000149315226004291/form8-k.htm.

at a price of $0.53 per share. On January 30, 2026, the Twin Common Stock reached a high of $0.87 per share.

20. On January 30, 2026, White Lion approached the Debtors to ask if the Debtors would be issuing a notice requiring White Lion to purchase additional shares pursuant to the Purchase Agreement. On January 30, 2026, White Lion purchased from Twin Hospitality, pursuant to the Purchase Agreement, an aggregate of 9,000,000 shares of Twin Common Stock for an aggregate purchase price of $3,104,200 (the "***Issuance***"). Upon purchase of the Twin Common Stock, the Debtors understand that White Lion likely sold the shares into the market under the Resale Registration Statement.

21. The Debtors have no direct knowledge or control over White Lion's handling of the shares that White Lion purchased in the Issuance.

22. Since the Issuance, Twin Hospitality has held the proceeds in a segregated account and has not used the sale proceeds to fund operations or otherwise.[10] Twin Hospitality will not use the Issuance proceeds absent Court approval.

23. For the avoidance of doubt, the Debtors—Twin Hospitality and Fat Brands, Inc.—will not issue or sell any additional equity (common stock or otherwise) during these Chapter 11 Cases absent prior Court approval.

BASIS FOR RELIEF

I. The Court Should Authorize the Sale of Twin Common Stock Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code and the Use of the Proceeds

24. The Court should authorize the Debtors' sale of the previously-unissued Twin Common Stock to White Lion under sections 105(a) and 363(b) of the Bankruptcy Code. The

[10] The unissued Twin Common Stock is not collateral of any prepetition debt and therefore the proceeds of the Issuance are unencumbered.

Court may grant such relief pursuant to section 363(b) of the Bankruptcy Code, which provides, in relevant part, that "[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Courts in the Fifth Circuit have granted a debtor's request to use property of the estate outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code upon a finding that such use is supported by sound business reasons. *See, e.g.*, *Black v. Shor (In re BNP Petroleum Corp.)*, 642 F. App'x 429, 435 (5th Cir. 2016) (noting that section 363 "requires that a sale of the estate's assets be supported by an articulated business justification, good business judgment, or sound business reasons") (internal quotation and citation omitted); *see also Inst. Creditors of Cont'l Air Lines, Inc. v. Cont'l Air Lines, Inc.* (*In re Cont'l Air Lines*, *Inc.),* 780 F.2d 1223, 1226 (5th Cir. 1986) ("[F]or the debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.") (citation omitted); *see also In re The Hertz Corp.*, No. 20-11218 (MFW) (Bankr. D. Del. June 12, 2020) [Docket No. 417] (authorizing the postpetition sale and issuance of the Debtor's common stock).

25. As the Court is aware, the Debtors entered these cases with extremely limited liquidity. The rise in the trading price and volume of Twin Common Stock allowed the Debtors to raise $3.1 million in net proceeds that the Debtors could use to fund postpetition operating expenses and the administrative costs of these Chapter 11 Cases to the extent approved by the Court. With the Issuance proceeds, upon Court approval, the Debtors will have additional, unencumbered liquidity to continue operating in chapter 11 as they work to restructure.[11]

[11] The Issuance proceeds are unencumbered because the previously unissued Twin Common Stock was not subject to prepetition liens and, therefore, the Issuance proceeds are not "proceeds" of prepetition collateral within the meaning of section 552 of the Bankruptcy Code.

26. Accordingly, the Debtors request that the Court approve the Issuance as of the occurrence of the transaction pursuant to sections 105(a) and 363(b) of the Bankruptcy Code.

NOTICE

27. Notice of this Motion will be served on: (i) the Office of the United States Trustee for the Southern District of Texas; (ii) counsel to the Trustees; (iii) counsel to the WBS Ad Hoc Group; (iv) counsel to the Resid Noteholders; (v) the creditors listed on the Debtors' consolidated list of 30 creditors holding the largest unsecured claims; (vi) the United States Attorney for the Southern District of Texas; (vii) the Internal Revenue Service; (viii) the Securities and Exchange Commission; (ix) any party that has requested notice pursuant to Bankruptcy Rule 2002; (x) White Lion; and (xi) any other party entitled to notice pursuant to Bankruptcy Local Rule 9013-1(d). The Debtors submit that, under the circumstances, no other or further notice is required.

28. A copy of this Motion is available (i) on the Court's website, at www.txs.uscourts.gov and (ii) free of charge on the website maintained by the Debtors' claims and noticing agent, Omni Agent Solutions, Inc., at https://omniagentsolutions.com/FATBrands-TwinHospitality.

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WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: February 4, 2026
Houston, Texas

Respectfully submitted,

/s/ Timothy A. ("Tad") Davidson II

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Proposed Co-Counsel for the Debtors and Debtors in Possession

CERTIFICATE OF SERVICE

I certify that on February 4, 2026, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on those parties registered to receive electronic notices.

/s/ Timothy A. ("Tad") Davidson II
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