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 AUTHORIZING DEBTORS TO PAY PREPETITION PERFORMANCE BONUSES TO FOUR INSIDERS OF TWIN HOSPITALITY GROUP, INC.

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 (the "***Proposed Order***"), substantially in the form attached hereto, authorizing the Debtors to pay in the aggregate $414,349 in prepetition performance bonuses (the "***Bonus Payments***") to four insiders (the "***Bonus Recipients***") of Twin Peaks Hospitality Group, Inc. The Bonus Payments were earned prepetition

[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.

by the Bonus Recipients under the Debtors' preexisting Bonus and Commission Programs.[2] The Bonus Payments are not primarily intended to induce the Bonus Recipients to remain employed by the Debtors, but rather were already earned under the Debtors' long-standing Bonus and Commissions program in the ordinary course.

2. The Bonus Payments do not include any payments to the Debtors' CEO, Andrew Wiederhorn, or his family members. Prior to filing the Motion, the Debtors discussed the relief requested with advisors to the Creditors' Committee, the Ad Hoc Group of Securitization Noteholders, and the U.S. Trustee, all of whom indicated that they do not oppose payment of the Bonus Payments.

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(a), 363(b), 503, and 1107 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***"), rule 9013-1 of the Bankruptcy Local Rules for the Southern District of

[2] As defined in the *Emergency Motion of Debtors for Entry of an Order (I) Authorizing Debtors to (A) Pay Prepetition Wages, Salaries, Employee Benefits, and Other Compensation, and (B) Maintain Employee Benefits Programs and Pay Related Obligations; and (II) Granting Related Relief* [Docket No. 13] (the "***Wages Motion***"). Capitalized terms used but not defined herein have the meanings given to them in the Wages Motion.

Texas (the "***Bankruptcy Local Rules***"), and the Procedures for Complex Cases in the Southern District of Texas.

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 has been appointed in the Chapter 11 Cases. The Office of the United States Trustee for the Southern District of Texas (the "***U.S. Trustee***") appointed an official committee of unsecured creditors (the "***Creditors' Committee***") on February 6, 2026 [Docket No. 186].

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., 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.

I. BONUS AND COMMISSION PROGRAMS

10. As set forth in the Wages Motion, prior to the Petition Date, the Debtors maintained several Bonus and Commission Programs, including the Short-Term Incentive Plans. Short-Term Incentive Plan bonuses for corporate Employees (which includes the Bonus Recipients) are paid on an annual basis and contingent upon Employee past performance.

11. As stated in the Wages Motion, the Debtors recently finalized the annual bonus structure for 52 (4 insider and 48 non-insider) corporate Twin Employees, with the compensation committee recommending, and the Twin Board approving, a bonus under the Short-Term Incentive Plans of $1,587,980 in the aggregate.

- $1,173,631 is due to 48 non-insider Employees and **not** subject to this Motion. The Wages Order authorized the Debtors to make the Short-Term Incentive Plan payments to the non-insiders and expressly permitted the Debtors to seek additional authority to make bonus payments to insiders, including the Bonus Recipients. Of the total $1,173,631, $962,292.34 of such payments were in excess of the priority amounts set forth in sections 507(a)(4) and (5) of the Bankruptcy Code, and, in accordance with the Wages Order (*see* Wages Order, ¶ 4) the Debtors provided notice to the relevant notice parties and made such payments after the notice period expired without objection.

- This Motion seeks authority only to pay the remaining $414,349 due to the four Bonus Recipients under the Short-Term Incentive Plans. For the avoidance of doubt, the Bonus Payments do not include any payments to the Debtors' CEO, Andrew Wiederhorn, or his family members.

12. As noted above, payments under the Short-Term Incentive Plans are contingent upon Employee past performance and look back retroactively. The payments for corporate Twin Employees are tied to each Employee's job-specific metrics such as business growth and development, financial performance and revenue generation during the prior year. Accordingly, the payments due under the Short-Term Incentive Plan relate to performance metrics the eligible

Employees have already met prior to the Petition Date and prior to the approval of the payment awards.

II. BONUS RECIPIENTS

13. The Bonus Recipients are four members of Debtor Twin Peaks Hospitality Group, Inc.'s executive management team. They have the primary responsibility for operating the Twin Peaks business and are insiders under section 101(31) of the Bankruptcy Code. Three of them have been employed by the Debtors for at least 5 years, and one more recent hire is receiving a prorated bonus. The Bonus Recipients' authority is limited to the Twin Peaks business, and they do not have any control over the other Debtors and do not set overall corporate strategy.

14. As part of their employment with the Debtors, each Bonus Recipient is eligible to participate in the Short-Term Incentive Plans. Twin Peaks is an important part of the Debtors' overall business. The Debtors operate 35 Twin Peaks restaurants employing almost 4,000 individuals. There were also 79 franchised Twin Peaks locations as of January 19, 2026. In 2025, adjusted EBITDA for Twin Peaks was over $25 million. During the prior year, the Bonus Recipients, as determined by the compensation committee and the Twin Board, met the performance requirements to be entitled to the Bonus Payments.

15. Payments under the Short-Term Incentive Plans are a regular component of the Bonus Recipients' ordinary course wages and are typically paid in the first quarter of each calendar year. These payments have been made since 2016, and are a part of the ordinary course of Twin Peaks' business. Further, the Bonus Recipients are also taking on additional day-to-day responsibilities as a result of the Chapter 11 Cases.

BASIS FOR RELIEF

I. PAYMENT OF EMPLOYEE OBLIGATIONS IS WARRANTED UNDER SECTIONS 105(A), 363(B), AND 1107 OF THE BANKRUPTCY CODE

16. The Court may grant the relief requested herein 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); *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.") (internal citation omitted); *see also In re Crutcher Res. Corp.*, 72 B.R. 628, 631 (Bankr. N.D. Tex. 1987) ("A Bankruptcy Judge has considerable discretion in approving a § 363(b) sale of property of the estate other than in the ordinary course of business, but the movant must articulate some business justification for the sale . . . ."); *In re Terrace Gardens Park P'ship*, 96 B.R. 707, 714 (Bankr. W.D. Tex. 1989) ("[T]here must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.") (internal citation omitted).

17. In addition, the Court has authority, pursuant to its equitable powers under section 105(a) of the Bankruptcy Code, to authorize the relief requested herein because such relief

is necessary for the Debtors to carry out their duties under section 1107(a) of the Bankruptcy Code. Section 1107(a) of the Bankruptcy Code "contains an implied duty of the debtor-in-possession to 'protect and preserve the estate, including an operating business' going-concern value.'" *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)). Under section 105(a) of the Bankruptcy Code, "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a); *see CoServ*, 273 B.R. at 491-93 & n.6 (holding that sections 105 and 1107 of the Bankruptcy Code provide authority for a debtor-in-possession to pay prepetition claims); *see also In re Tusa-Expo Holdings, Inc.*, Case No. 08-45057-DML-11, 2008 WL 4857954, at *1 (Bankr. N.D. Tex. Nov. 7, 2008); *CEI Roofing*, 315 B.R. at 56. Accordingly, the Bankruptcy Code authorizes the postpetition payment of prepetition claims where, as here, such payments are critical to preserving the going-concern value of a debtor's estate.

18. The relief requested by this Motion represents a sound exercise of the Debtors' business judgment. The Bonus Payments are ordinary course obligations, and the Debtors are seeking confirmation of their ability to make these payments as part of the Bonus Recipients' total wages. As noted above, the Bonus Payments are a regular part of the Bonus Recipients' ordinary course wages and have been historically paid on an annual basis when the payment criteria are met in the prior year. The Bonus Recipients are also taking on additional duties vital to the success of the Chapter 11 Cases. Specifically, the Bonus Recipients are, in addition to carrying out their essential day-to-day operational duties, intimately involved in critical, restructuring-related workstreams, including, but not limited to, liquidity management, cash forecasting, court-mandated reporting, employee communications, and franchisee and vendor engagement (including, importantly, maintaining franchisee and vendor confidence in the Debtors during the

Chapter 11 Cases). Moreover, the Bonus Recipients are, and have been, working tirelessly to carry out these significant additional duties under the expedited timeline necessary to ensure the Debtors meet critical restructuring milestones.

II. BONUS PAYMENTS ARE NOT SUBJECT TO THE RESTRICTIONS OF 503(C) OF THE BANKRUPTCY CODE

19. Section 503(c) of the Bankruptcy Code places restrictions on the compensation a debtor can pay to insiders and other officers and managers. Section 503(c)(1) prohibits payments to an insider of a debtor "for the purpose of inducing such person to remain with the debtor's business" unless certain specific criteria are met. 11 U.S.C. § 503(c)(1). Courts analyzing this section have held that it is only applicable when the primary purpose of the payment is to retain personnel. *In re Glob. Home Prods., LLC*, 369 B.R. 778, 785 (Bankr. D. Del. 2007); *In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 799 (Bankr. D. Del. 2007). Here, the primary purpose of the Bonus Payments is not to retain personnel. Rather, the Bonus Payments are part of the Bonus Recipients already-earned ordinary course wages and are intended to reward the Bonus Recipients for meeting the performance goals set out in the Short-Term Incentive Plans. Accordingly, the Bonus Payments are not subject to restrictions of section 503(c)(1).

20. Section 503(c)(3) of the Bankruptcy Code prohibits "other transfers or obligations that are outside the ordinary course of business and not justified by the facts and circumstances of the case . . . to . . . officers, managers, or consultants." 11 U.S.C. § 503(c)(3). By its plain language, this section only applies to payments outside the ordinary course of business. *Nellson Nutraceutical*, 369 B.R. at 804. Here, the payments are within the ordinary course of business because they meet both the horizontal and vertical tests. Specifically, incentive plans like the Debtors' Short-Term Incentive Plans are common within the Debtors' industry, and the Debtors

have historically maintained the Short-Term Incentive Plans as part of their past business practices. Accordingly, section 503(c)(3) is not applicable to the Bonus Payments.

NOTICE

21. Notice of this Motion will be given to the parties on the Debtors' Master Service List and all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, under the circumstances, no other or further notice is required.

22. 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.

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: March 13, 2026
Houston, Texas

Respectfully submitted,

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

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CERTIFICATE OF SERVICE

I certify that on March 13, 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
Timothy A. ("Tad") Davidson II

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)

ORDER AUTHORIZING DEBTORS TO PAY PREPETITION PERFORMANCE BONUSES TO FOUR INSIDERS OF TWIN HOSPITALITY GROUP, INC.
[Relates to Docket No.]

Upon the motion (the "***Motion***")[2] of the Debtors for entry of an order (this "***Order***") authorizing the Debtors to pay the Bonus Payments to Bonus Recipients, as more fully set forth in the Motion; and the Court having reviewed the Motion and the First Day Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and the Court having

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[2] Capitalized terms used but not defined herein have the meanings given to them in the Motion.

determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Debtors are authorized, but not directed, to pay the Bonus Payments to the Bonus Recipients consistent with the Debtors' prepetition practices and the terms of this Order.

2. The Debtors are authorized to deduct any amounts from the Bonus Payments as authorized by the Bonus Recipients, as required under any employee-related plan, program, or policy, or as required by applicable law.

3. The terms and conditions of this Order are immediately effective and enforceable upon its entry.

4. The Debtors are authorized and empowered to take all actions necessary or appropriate to implement the relief granted in this Order.

5. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation or enforcement of this Order.

Signed: _____, 2026

_____
UNITED STATES BANKRUPTCY JUDGE