

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

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) August 16, 2021**

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**Fiesta Restaurant Group, Inc.**  
(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation)	<b>001-35373</b> (Commission File Number)	<b>90-0712224</b> (I.R.S. Employer Identification No.)
<b>14800 Landmark Boulevard, Suite 500</b> Dallas Texas		<b>75254</b>
(Address of principal executive offices)		(Zip Code)

**Registrant's telephone number, including area code (972) 702-9300**

N/A  
(Former name or former address, if changed since last report.)

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.01 per share	FRGI	NASDAQ Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

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#### **ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.**

On August 16, 2021, Fiesta Restaurant Group, Inc. (the "Company"), YTC Enterprises, LLC (the "Buyer") and Yadav Enterprises, Inc. ("Yadav Enterprises") entered into an Amendment to Stock Purchase Agreement (the "Amendment") which amends the Stock Purchase Agreement (as amended, the "Purchase Agreement") dated as of July 1, 2021 among the Company, the Buyer and Yadav Enterprises. The Amendment is attached hereto as [Exhibit 10.1](#) and is incorporated by reference herein.

#### **ITEM 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS.**

On August 16, 2021, the Company completed the previously announced sale of its Taco Cabana restaurant business through the sale of all of the outstanding capital stock of Taco Cabana, Inc., the parent company of the Taco Cabana business (the "Transaction") to the Buyer and Yadav Enterprises for a cash purchase price of \$85.0 million, subject to reduction for (i) closing adjustments of approximately \$4.55 million related to maintenance and repair work at the Taco Cabana restaurants and landscaping restoration as a result of Winter Storm Uri, and (ii) certain other working capital adjustments as set forth in the Purchase Agreement (as amended by the Amendment). The terms of the Transaction are set forth in the Purchase Agreement which is attached as [Exhibit 2.1](#) to the Form 8-K filed by the Company on July 7, 2021 and is incorporated by reference herein.

The unaudited pro forma financial information of the Company giving effect to the Transaction, together with the related notes thereto, is attached hereto as [Exhibit 99.1](#).

#### **ITEM 2.04. TRIGGERING EVENTS THAT ACCELERATE OR INCREASE A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT.**

On August 16, 2021, the Company used the net proceeds of the Transaction to fully repay the Company's outstanding term loan borrowings of approximately \$74.6 million as required under its Credit Agreement dated as of November 23, 2020 among the Company, Fortress Credit Corp., as administrative agent and collateral agent, and the lenders party thereto, and to pay Transaction fees and a loan prepayment premium of approximately \$4.2 million which is comprised of a loan prepayment fee of 3% of the principal repaid of \$2.2 million and certain divestiture transaction fees of approximately \$2.0 million.

#### **ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.**

##### (b) Pro Forma Financial Information

The unaudited pro forma consolidated financial information of Fiesta Restaurant Group, Inc. is attached hereto as [Exhibit 99.1](#) and is incorporated herein by reference.

##### (d) Exhibits

[10.1 Amendment to Stock Purchase Agreement dated as of August 16, 2021 among Fiesta Restaurant Group, Inc., YTC Enterprises, LLC and Yadav Enterprises, Inc.](#)

[99.1 Unaudited Pro Forma Consolidated Financial Information of Fiesta Restaurant Group, Inc.](#)

104 Cover Page Interactive Data File (formatted as Inline XBRL)

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## Signatures

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 hereunto duly authorized.

FIESTA RESTAURANT GROUP, INC.

Date: August 20, 2021

By: /s/ Dirk Montgomery

Name: Dirk Montgomery

Title: Senior Vice President, Chief Financial Officer and Treasurer

AMENDMENT TO STOCK PURCHASE AGREEMENT

AMENDMENT TO STOCK PURCHASE AGREEMENT (the "Amendment"), dated as of August 16, 2021 among Yadav Enterprises Inc. (the "Buyer Guarantor"), YTC Enterprises, LLC (the "Buyer") and Fiesta Restaurant Group, Inc. (the "Seller").

WHEREAS, Buyer Guarantor, Buyer and Seller entered into the Stock Purchase Agreement (the "Purchase Agreement"), dated as of July 1, 2021 and the letter agreement (the "Letter Agreement") dated as of August 5, 2021.

WHEREAS, Buyer Guarantor, Buyer and Seller desire to amend the Purchase Agreement in accordance with the terms hereof.

WHEREAS, capitalized terms used herein and not defined herein shall have the meanings set forth in the Purchase Agreement.

The Buyer Guarantor, Buyer and Seller hereby agree as follows:

1. For the period beginning on and including the Closing Date through the first calendar day following the Closing Date, the Seller shall, through the Seller's current armored truck service provider, collect all cash in the AMSEC smart safes at each Restaurant that relate to the operations of the Restaurants for such two-day period (collectively, the "Post-Closing Cash") on behalf of the Buyer.

(a) On the date following the Closing Date in which the Company's current armored truck service provider has collected the cash in the AMSEC smart safes of at least 90% of the Restaurants, Seller shall remit to Buyer an amount equal to the Post-Closing Cash collected by Seller from the AMSEC smart safes at each Restaurant through such date less the aggregate amount of cash collected by Seller from the AMSEC smart safes at each Restaurant that corresponds to the operations of the Restaurants prior to the Closing Date by wire transfer to an account previously designated in writing by Buyer.

(b) On the date following the Closing Date in which the Company's current armored truck service provider has collected the cash in the AMSEC smart safes of all of the Restaurants, Seller shall remit to Buyer an amount equal to the Post-Closing Cash collected by Seller from the AMSEC smart safes at each Restaurant less (i) the aggregate amount of cash collected by Seller from the AMSEC smart safes at each Restaurant that corresponds to the operations of the Restaurants prior to the Closing Date and (ii) the aggregate amount already remitted by Seller to Buyer pursuant to Section 1(a) above by wire transfer to an account previously designated in writing by Buyer.

(c) Simultaneously with the payments set forth in (a) and (b) above, Seller shall provide Buyer with a Restaurant-by-Restaurant reconciliation report for the cash collections.

2. During the period following the Closing Date, upon receipt by Seller of any invoices with respect to accounts payable related to the operation of the Restaurants, Buyer shall promptly reimburse Seller its pro-rata portion of such invoice (calculated by reference to the number of days following the Closing Date divided by the total number of days covered by such invoice). Buyer Guarantor and Buyer shall jointly and severally indemnify Seller for any Losses incurred by the Seller Indemnitees for any amounts owed with respect to such accounts payable relating to the operation of the Restaurants following the Closing Date.

3. Except as expressly provided herein, the Purchase Agreement shall remain unchanged and in full force and effect. Each reference to "this Agreement" or "the Purchase Agreement" and words of

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similar import in the Purchase Agreement and in the agreements and other documents contemplated by the Purchase Agreement shall be a reference to the Purchase Agreement, as amended hereby and the Letter Agreement, and as the same may be further amended, restated, supplemented and otherwise modified and in effect from time to time.

4. The provisions of Article XI of the Purchase Agreement are incorporated by reference herein as if a part hereof.  
[Signature Page To Follow]
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**IN WITNESS WHEREOF**, the undersigned have executed this letter agreement as of the date first stated above.

FIESTA RESTAURANT GROUP, INC.

By: /s/ Richard C. Stockinger

Name: Richard C. Stockinger

Title: Chief Executive Officer and President

YTC ENTERPRISES, LLC

By: /s/ Anil Yadav

Name: Anil Yadav

Title: Managing Member

YADAV ENTERPRISES, INC.

By: /s/ Anil Yadav

Name: Anil Yadav

Title: CEO/ President

**FIESTA RESTAURANT GROUP, INC.**  
**UNAUDITED PRO FORMA CONSOLIDATED**  
**FINANCIAL STATEMENTS**

On August 16, 2021, Fiesta Restaurant Group, Inc. ("Fiesta" or the "Company") completed the previously announced divestiture of Taco Cabana, Inc. ("Taco Cabana"). Beginning in the second quarter of fiscal 2021, and for periods reported in our Quarterly Report on Form 10-Q for the quarter ended July 4, 2021, financial results of Taco Cabana are reported as discontinued operations in the consolidated financial statements of Fiesta and the prior period amounts presented have been recast for comparability. The unaudited pro forma consolidated financial statements were prepared to assist readers in understanding the nature and effects of the sale.

The unaudited pro forma consolidated balance sheet as of July 4, 2021 presents our consolidated financial position giving pro forma effect to the disposition of Taco Cabana as if it had occurred on July 4, 2021. The unaudited pro forma consolidated statements of operations for the years ended January 3, 2021, December 29, 2019, and December 30, 2018 reflect the pro forma effect of the discontinued operations of Taco Cabana as if the transaction occurred on January 1, 2018. There were no pro forma adjustments applicable for those periods. An unaudited pro forma consolidated statement of operations for the six months ended July 4, 2021 is omitted as no pro forma adjustments are applicable and Taco Cabana was previously classified as a discontinued operation in the historical consolidated financial statements for the six months ended July 4, 2021, which were included in the Quarterly Report on Form 10-Q for the quarter ended July 4, 2021 that was filed on August 12, 2021 with the Securities and Exchange Commission (the "SEC").

The pro forma adjustments are described in the accompanying notes to the unaudited pro forma consolidated financial statements. The statements have been derived from, and should be read in conjunction with, the audited consolidated financial statements and notes thereto included in the Company's Annual Reports on Form 10-K for the fiscal years ended January 3, 2021, December 29, 2019, and December 30, 2018, filed with the SEC.

The unaudited pro forma consolidated financial statements as of and for the periods presented are for illustrative and informational purposes only and are not intended to represent, or be indicative of, what the Company's financial position or results of operations would have been had the disposition been completed on the dates noted above. The unaudited pro forma consolidated financial statements also should not be considered representative of the Company's future financial position or results of operations. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. These pro forma financial statements should not be considered a substitute for the actual historical financial information prepared in accordance with generally accepted accounting principles, as presented in the Fiesta's filings on Forms 10-Q and 10-K.

The pro forma adjustments are based on currently available factual information, estimates and assumptions that the Company believes are reasonable in order to reflect, on a pro forma basis, the impact of this disposition on our historical financial information. Actual amounts could differ materially from these estimates.

**FIESTA RESTAURANT GROUP, INC.**  
**PRO FORMA CONSOLIDATED BALANCE SHEET**  
(In thousands, except share and per share data)  
(Unaudited)

	July 4, 2021		
	As Reported	Transaction Accounting Adjustments	Pro Forma
<b>ASSETS</b>			
Current assets:			
Cash	\$ 65,830	\$ (2,084) (a)	\$ 63,746
Restricted cash	3,837	—	3,837
Accounts receivable	4,580	—	4,580
Inventories	2,022	—	2,022
Prepaid rent	109	—	109
Income tax receivable	2,606	—	2,606
Prepaid expenses and other current assets	6,671	—	6,671
Current assets held for sale	159,564	(159,564) (b)	—
Total current assets	245,219	(161,648)	83,571
Property and equipment, net	94,773	—	94,773
Operating lease right-of-use assets	157,533	—	157,533
Goodwill	56,307	—	56,307
Other assets	6,557	—	6,557
Total assets	\$ 560,389	\$ (161,648)	\$ 398,741
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Current portion of long-term debt	\$ 71,541	\$ (71,471) (c)	\$ 70
Accounts payable	10,264	—	10,264
Accrued payroll, related taxes and benefits	8,108	—	8,108
Accrued real estate taxes	2,775	—	2,775
Other current liabilities	18,795	—	18,795
Current liabilities held for sale	120,956	(120,956) (b)	—
Total current liabilities	232,439	(192,427)	40,012
Long-term debt, net of current portion	810	—	810
Operating lease liabilities	166,793	—	166,793
Deferred tax liabilities	2,353	—	2,353
Other non-current liabilities	9,981	—	9,981
Total liabilities	412,376	(192,427)	219,949
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, \$0.01 par value; 20,000,000 shares authorized, no shares issued	—	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized, 28,454,149 shares issued and 25,529,468 shares outstanding	275	—	275
Additional paid-in capital	179,016	—	179,016
Retained earnings (accumulated deficit)	(10,499)	30,779 (d)	20,280
Treasury stock, at cost; 1,993,495 shares	(20,779)	—	(20,779)
Total stockholders' equity	148,013	30,779	178,792
Total liabilities and stockholders' equity	\$ 560,389	\$ (161,648)	\$ 398,741

**FIESTA RESTAURANT GROUP, INC.**  
**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
(In thousands, except share and per share data)  
(Unaudited)

	Year Ended January 3, 2021		
	As Reported	Transaction Accounting Adjustments (e)	Pro Forma
<b>Revenues:</b>			
Restaurant sales	\$ 552,797	\$ (238,685)	\$ 314,112
Franchise royalty revenues and fees	2,006	(760)	1,246
Total revenues	554,803	(239,445)	315,358
<b>Costs and expenses:</b>			
Cost of sales	170,513	(70,433)	100,080
Restaurant wages and related expenses	149,145	(74,817)	74,328
Restaurant rent expense	45,361	(22,588)	22,773
Other restaurant operating expenses	82,180	(34,357)	47,823
Advertising expense	14,839	(6,460)	8,379
General and administrative	53,077	(13,229)	39,848
Depreciation and amortization	38,206	(16,197)	22,009
Pre-opening costs	69	(69)	—
Impairment and other lease charges	9,139	(1,116)	8,023
Closed restaurant rent expense, net of sublease income	6,487	(2,156)	4,331
Other expense (income), net	(1,697)	(401)	(2,098)
Total operating expenses	567,319	(241,823)	325,496
Loss from operations	(12,516)	2,378	(10,138)
Interest expense	4,756	(4,464)	292
Loss on extinguishment of debt	1,241	(1,241)	—
Loss before income taxes	(18,513)	8,083	(10,430)
Benefit from income taxes	(8,302)	(3,989)	(12,291)
Net income (loss)	\$ (10,211)	\$ 12,072	\$ 1,861
<b>Earnings (loss) per common share:</b>			
Basic	\$ (0.40)		\$ 0.07
Diluted	(0.40)		0.07
<b>Weighted average common shares outstanding:</b>			
Basic	25,341,415		25,341,415
Diluted	25,341,415		25,341,415

**FIESTA RESTAURANT GROUP, INC.**  
**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
(In thousands, except share and per share data)  
(Unaudited)

	Year Ended December 29, 2019		
	As Reported	Transaction Accounting Adjustments (e)	Pro Forma
<b>Revenues:</b>			
Restaurant sales	\$ 658,263	\$ (296,570)	\$ 361,693
Franchise royalty revenues and fees	2,680	(900)	1,780
Total revenues	660,943	(297,470)	363,473
<b>Costs and expenses:</b>			
Cost of sales	207,453	(92,334)	115,119
Restaurant wages and related expenses	179,178	(94,269)	84,909
Restaurant rent expense	47,805	(25,755)	22,050
Other restaurant operating expenses	91,897	(41,623)	50,274
Advertising expense	23,179	(10,826)	12,353
General and administrative	56,195	(14,290)	41,905
Depreciation and amortization	39,195	(17,009)	22,186
Pre-opening costs	972	(592)	380
Impairment and other lease charges	13,101	(13,086)	15
Goodwill impairment	67,909	(67,909)	—
Closed restaurant rent expense, net of sublease income	4,163	(903)	3,260
Other expense (income), net	1,041	(179)	862
Total operating expenses	732,088	(378,775)	353,313
Income (loss) from operations	(71,145)	81,305	10,160
Interest expense	3,872	(3,547)	325
Income (loss) before income taxes	(75,017)	84,852	9,835
Provision for income taxes	9,369	4,048	13,417
Net loss	\$ (84,386)	\$ 80,804	\$ (3,582)
<b>Earnings (loss) per common share:</b>			
Basic	\$ (3.18)		\$ (0.14)
Diluted	(3.18)		(0.14)
<b>Weighted average common shares outstanding:</b>			
Basic	26,500,356		26,500,356
Diluted	26,500,356		26,500,356

**FIESTA RESTAURANT GROUP, INC.**  
**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
(In thousands, except share and per share data)  
(Unaudited)

	Year Ended December 30, 2018		
	As Reported	Transaction Accounting Adjustments (e)	Pro Forma
<b>Revenues:</b>			
Restaurant sales	\$ 685,925	\$ (311,544)	\$ 374,381
Franchise royalty revenues and fees	2,672	(857)	1,815
Total revenues	688,597	(312,401)	376,196
<b>Costs and expenses:</b>			
Cost of sales	218,946	(95,904)	123,042
Restaurant wages and related expenses	188,131	(101,106)	87,025
Restaurant rent expense	36,034	(18,577)	17,457
Other restaurant operating expenses	100,828	(48,684)	52,144
Advertising expense	23,695	(10,627)	13,068
General and administrative	54,525	(13,693)	40,832
Depreciation and amortization	37,604	(15,147)	22,457
Pre-opening costs	1,716	(783)	933
Impairment and other lease charges	21,144	(7,557)	13,587
Other expense (income), net	(3,007)	1,782	(1,225)
Total operating expenses	679,616	(310,296)	369,320
Income from operations	8,981	(2,105)	6,876
Interest expense	3,966	(3,691)	275
Income before income taxes	5,015	1,586	6,601
Provision for (benefit from) income taxes	(2,772)	3,063	291
Net income	\$ 7,787	\$ (1,477)	\$ 6,310
<b>Earnings per common share:</b>			
Basic	\$ 0.29		\$ 0.23
Diluted	0.29		0.23
<b>Weighted average common shares outstanding:</b>			
Basic	26,890,577		26,890,577
Diluted	26,894,083		26,894,083

**FIESTA RESTAURANT GROUP, INC.**  
**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED**  
**FINANCIAL STATEMENTS**

- (a) Represents the proceeds from the sale of \$85.0 million, less \$10.0 million of transaction costs and expenses associated with selling the business, as well as the use of \$77.1 million of the proceeds to fully repay the Company's term loan borrowings under its senior credit facility, inclusive of a loan prepayment fee of 3% of the principal repaid of \$2.2 million. The purchase price is subject to certain post-closing adjustments.
- (b) Represents the elimination of the assets and liabilities of Taco Cabana classified as current assets and current liabilities held for sale in the Form 10-Q for the quarter ended July 4, 2021, as filed on August 12, 2021 with the SEC.
- (c) Represents the elimination of the outstanding term loan borrowings under the senior credit facility and associated unamortized discount and debt issuance costs that was repaid at the close of the disposition as required by the terms of the senior credit facility.
- (d) Represents the net effect of the removal of the disposed net assets, net proceeds and debt repayment had the transaction closed on July 4, 2021. The preliminary gain on the sale of Taco Cabana, excluding any potential post-closing adjustments, is based on the carrying value of the net assets of Taco Cabana as of July 4, 2021, and is offset by the loss on debt extinguishment. Based on the structure of the stock purchase agreement, no tax liability on the gain is expected.
- (e) Represents the classification of revenues and expenses attributable to Taco Cabana as discontinued operations.