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Chanticleer Holdings Announces 1:1 Distribution Ratio for Spin-Off and Provides Corporate Update

Restaurant Business to Spin-Off as Independent “Amergent Hospitality Group”

CHARLOTTE, N.C., March 24, 2020 (GLOBE NEWSWIRE) -- Chanticleer Holdings, Inc. (Nasdaq: BURG) (the “Company” or “Chanticleer”), owner, operator and franchisor of multiple nationally-recognized restaurant brands, today announced the 1:1 distribution ratio for its upcoming spin-off and provided a corporate update disclosing:

- Sonnet Merger Continues towards Closing
- Restaurant Business to Spin Off as Independent “Amergent Hospitality Group”
- Amergent Hospitality Group Hitting the Ground Running

Spin-Off Ratio

All stockholders of record as of the close of business on March 26, 2020 that hold shares in Chanticleer are eligible for one share of the spin-off entity, Amergent Hospitality Group, Inc. (“Amergent”), for each share of Chanticleer owned at that time. Amergent is a newly formed entity owned by Chanticleer stockholders independent of Sonnet.

Sonnet Merger Continues towards Closing

The Company previously announced its entry into the definitive Agreement and Plan of Merger and Amendment No. 1 thereto with Sonnet BioTherapeutics, Inc. (“Sonnet”) on October 10, 2019 and February 7, 2020, respectively (collectively referred to as “the merger”) and spin-off of its restaurant business into an independent, public company. Closing of the merger and spin-off, scheduled for March 30, 2020, will result in four major corporate structure changes relevant to today’s disclosure:

1. Existing Sonnet shareholders will become majority shareholders of Chanticleer common stock;
2. Chanticleer name will be changed to “Sonnet BioTherapeutics Holdings, Inc.” and the company under the new name will operate Sonnet’s biotech business, accelerating the advancement of its oncology pipeline and clinical programs;

3. Sonnet BioTherapeutics Holdings Inc. will be listed on the Nasdaq Stock Market (“Nasdaq”) under ticker symbol “SONN;” and
4. Chanticleer restaurant business will spin off (with all assets and liabilities) into Amergent.

Mike Pruitt, the Company’s CEO and Chairman of the Board said, “We look forward to closing the Sonnet merger and spin-off soon and focusing on growing the restaurant business. The merger and spin-off will recapitalize that business while improving its balance sheet. We anticipate reduced costs and an overhead structure more conducive to growing the restaurant business both organically and through strategic acquisitions. At the same time, we are pleased that the merger and spin-off will provide existing Chanticleer stockholders with equity in the newly energized restaurant business as well as in Sonnet’s biotech business having exciting potential for its proprietary immunotherapy platform.”

New Restaurant Business: Amergent Hospitality Group

As previously disclosed, the Company’s existing restaurant business, including its assets and liabilities will be spun-off immediately prior to the close of the merger into a newly created corporate entity. This new entity will be named Amergent Hospitality Group (“Amergent”) and will be wholly-owned by Chanticleer’s shareholders owning common stock of record as of the close of business on Thursday March 26, 2020, the record date for the spin-off.

It is currently anticipated that Amergent will initially be listed on the OTCBB market with the intent of ultimately planning to up-list to Nasdaq within a reasonable and prudent time.

Amergent will be owned by the current Chanticleer stockholders and will be independent of Sonnet, with Sonnet having no management or control. Amergent will be managed day-to-day by our current team of career restaurant professionals, led by our President, Mr. Fred Glick.

Amergent will emerge as an independent company having better fundamentals than Chanticleer’s restaurant business currently has without the merger. Among other things, Amergent will enjoy a cleaner balance sheet, the elimination of 1/3 of its debt, and a long-term extension of remaining debt, with that debt held by a strategic partner.

Amergent Hitting the Ground Running

In anticipation of the opportunity the merger and spin-off afford our restaurant business, management has been busy preparing for day one as Amergent and has already made significant progress. Specifically, we have sharpened our overall strategic plan which is built around three principles that govern how we run our restaurants and our overall corporate enterprise:

- Becoming the local market’s employer of choice
- Becoming the local market’s destination of choice
- Becoming our comp sector’s investment of choice

Mr. Glick, who will continue to lead the restaurant business as President of Amergent, stated, "We cannot wait to close the merger and spin-off and turn our focus solely to executing our strategic plan for Amergent. We are excited about the future."

Sonnet BioTherapeutics Holdings, Inc.

As noted, Sonnet will operate as an independent publicly traded company. Sonnet is an oncology-focused biotechnology company with a proprietary platform for innovating biologic drugs of single- or bi-specific action. Known as FHAB™ (Fully Human Albumin Binding), the technology utilizes a fully human single chain antibody fragment (scFv) that binds to and "hitch-hikes" on human serum albumin (HSA) for transport to target tissues. FHAB™ is the foundation of a modular, plug-and-play construct for potentiating a range of large molecule therapeutic classes, including cytokines, peptides, antibodies and vaccines.

Pankaj Mohan, PhD, Founder and Chief Executive Officer of Sonnet commented, "We look forward to closing this transaction and to accelerating the execution of our proprietary platform and advancement of our pipeline of clinical and pre-clinical therapeutic candidates, working to generate lifesaving therapeutics for cancer patients around the world."

Information about the Proposed Merger and Where to Find It

In connection with the proposed Merger, Chanticleer and Sonnet filed relevant materials with the Securities and Exchange Commission, or the SEC, including a registration statement on Form S-4 that contains a prospectus and a proxy statement. INVESTORS AND SECURITY HOLDERS OF CHANTICLEER AND SONNET ARE URGED TO READ THESE MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT CHANTICLEER, SONNET AND THE PROPOSED MERGER. The proxy statement, prospectus and other relevant materials (when they become available), and any other documents filed by Chanticleer with the SEC, may be obtained free of charge at the SEC website at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by Chanticleer by directing a written request to: Chanticleer Holdings, c/o Michael D. Pruitt, Chief Executive Officer, 7621 Little Avenue, Suite 414, Charlotte, NC 28226. Investors and security holders are urged to read the proxy statement, prospectus and the other relevant materials when they become available before making any voting or investment decision with respect to the proposed Merger.

This report shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities in connection with the proposed Merger shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Participants in the Solicitation

Chanticleer and its directors and executive officers and Sonnet and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Chanticleer in connection with the proposed transaction under the rules of the SEC. Information about the directors and executive officers of Chanticleer and their

ownership of shares of Chanticleer's Common Stock is set forth in its Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on March 19, 2020, and in other documents filed with the SEC, including the joint proxy statement/prospectus referred to above. Additional information regarding the persons who may be deemed participants in the proxy solicitations and a description of their direct and indirect interests in the proposed merger, by security holdings or otherwise, will also be included in the joint prospectus/proxy statement and other relevant materials to be filed with the SEC when they become available. These documents are available free of charge at the SEC web site (www.sec.gov) and from the Chief Executive Officer at Chanticleer at the address described above.

Forward-Looking Statements

This report contains forward-looking statements based upon Chanticleer's and Sonnet's current expectations. This communication contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Chanticleer and Sonnet generally identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words. These statements are only predictions. Chanticleer and Sonnet have based these forward-looking statements largely on their then-current expectations and projections about future events and financial trends as well as the beliefs and assumptions of management. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond each of Chanticleer's and Sonnet's control. Chanticleer's and Sonnet's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: (i) risks associated with Chanticleer's ability to obtain the shareholder approval required to consummate the proposed merger transaction and the timing of the closing of the proposed merger transaction, including the risks that a condition to closing would not be satisfied within the expected timeframe or at all or that the closing of the proposed merger transaction will not occur; (ii) the outcome of any legal proceedings that may be instituted against the parties and others related to the Merger Agreement; (iii) the occurrence of any event, change or other circumstance or condition that could give rise to the termination of the Merger Agreement, (iv) unanticipated difficulties or expenditures relating to the proposed merger transaction, the response of business partners and competitors to the announcement of the proposed merger transaction, and/or potential difficulties in employee retention as a result of the announcement and pendency of the proposed merger transaction; and (v) those risks detailed in Chanticleer's most recent Annual Report on Form 10-K and subsequent reports filed with the SEC, as well as other documents that may be filed by Chanticleer from time to time with the SEC. Accordingly, you should not rely upon forward-looking statements as predictions of future events. Neither Chanticleer nor Sonnet can assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. The forward-looking statements made in this communication relate only to events as of the date on which the statements are made. Except as required by applicable law or regulation, Chanticleer and Sonnet undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

About Chanticleer Holdings, Inc.

Headquartered in Charlotte, NC, Chanticleer Holdings owns, operates, and franchises fast, casual, and full-service restaurant brands, including American Burger Company, BGR – Burgers Grilled Right, Little Big Burger, Just Fresh, and Hooters. For more information, please visit: www.chanticleerholdings.com.

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