

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

)	
In re:	)	Chapter 11
)	
HJ DYNAMIC HOLDINGS, LLC, <i>et al.</i> , ¹	)	Case No. 22-10837 (JKS)
)	
Debtors.	)	Jointly Administered
)	
	)	Related to Docket Nos. 198 and 199

**NOTICE OF FILING OF PROPOSED ORDER CONFIRMING THE
DEBTORS’ SUBCHAPTER V PLAN OF REORGANIZATION**

PLEASE TAKE NOTICE that on December 1, 2022, the above-captioned debtors and debtors in possession (the “**Debtors**”) filed the solicitation version of the *Debtors’ Subchapter V Plan of Reorganization* [D.I. 199] (as may be further amended, revised or modified, the “**Plan**”).

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit A** is a proposed form of order confirming the Plan (the “**Confirmation Order**”).

PLEASE TAKE FURTHER NOTICE that the Confirmation Order remains subject to further review and revision.

PLEASE TAKE FURTHER NOTICE that the Debtor intends to seek Court approval of the Confirmation Order at the hearing scheduled for January 12, 2023 at 11:00 a.m. (ET), which hearing may be continued from time to time by the announcement of such continuance in open court or as indicated in any notice of agenda of matters scheduled for hearing filed with the Court by the Debtors.

¹ The Debtors in the above-captioned chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are HJ Dynamic Holdings, LLC (4125), TS Dynamic Holdings, LLC (6365), Dynamic Restaurant Acquisition, Inc. d/b/a Happy Joe’s Pizza (8894), TS Dynamic Acquisition, Inc. (9439). The Debtors’ mailing address is 5239 Grand Avenue, Davenport, Iowa 52807.

Dated: January 9, 2023

SAUL EWING LLP

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Exhibit A

Proposed Confirmation Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re:)	Chapter 11
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HJ DYNAMIC HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 22-10837 (JKS)
)	
Debtors.)	Jointly Administered
	)	Related to Docket Nos. 198, 199, 200, 202, 212,
	)	216, 231 and ____

**FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER CONFIRMING
DEBTORS’ SUBCHAPTER V PLAN OF REORGANIZATION**

Upon the (i) filing by the above-captioned debtors and debtors in possession (the “**Debtors**”) in the above-captioned subchapter V cases (the “**Chapter 11 Cases**”) of (a) the *Debtors Subchapter V Plan of Reorganization* [Docket No. 199] (as may be further modified, amended or supplemented from time to time, the “**Plan**”),² which was filed on December 1, 2022 and a copy of which is attached hereto as **Exhibit 1**, (b) the *Notice of (A) Executory Contracts and Unexpired Leases to be Assumed by the Debtors Pursuant to the Plan, (B) Cure Amounts, if Any, and (C) Related Procedures in Connection Therewith* [Docket No. 202] (the “**Cure Notice**”), (c) the *Declaration of Kim D. Steverson of Omni Agent Solutions Regarding Solicitation of Votes and Tabulation of Ballots Case on the Debtors’ Subchapter V Plan of Reorganization* [Docket No. 231] (the “**Voting Declaration**”) and (d) the *Declaration of Thomas A. Sacco in Support of the Debtors’ Subchapter V Plan of Reorganization* [Docket No. ____] (the “**Confirmation Declaration**,” and together with the Plan and the Voting Declaration and the Cure Notice, the

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² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

“**Plan Filings**”), and (ii) the Court having (a) previously approved the solicitation procedures related to the Plan pursuant to the *Order (I) Approving Procedures for the Solicitation and Tabulation of Votes on Reorganization Plan; (II) Approving the Manner and Form of Notice; (III) Scheduling a Hearing on Plan Confirmation; and (IV) Granting Related Relief* [Docket No. 198] (the “**Solicitation Procedures Order**”) entered on December 1, 2022, (b) reviewed the Plan Filings, (c) conducted a hearing on confirmation of the Plan (the “**Confirmation Hearing**”), (d) heard the statements, representations and arguments of counsel for Debtors as well as any evidence presented or proffered at the Confirmation Hearing, (e) considered the compromises embodied in and contemplated by the Plan, the arguments regarding confirmation of the Plan, the resolution of certain informal comments to the Plan, the support of various case constituents, including the Subchapter V Trustee, and the evidence regarding confirmation of the Plan; and (iii) the Debtors having served the plan solicitation materials, including the Cure Notice, as appropriate and required by the Solicitation Procedures Order, and having otherwise complied with the notice requirements and procedures set forth in the Solicitation Procedures Order, as reflected in the *Affidavit of Service* filed on December 8, 2023 [Docket Nos. 212, 216], the Court hereby FINDS as follows:

A. Findings and Conclusions. The findings and conclusions set forth herein and on the record during the Confirmation Hearing constitute this Court’s findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Bankruptcy Rules 7052 and 9014. To the extent any of the findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the conclusions of law constitute findings of fact, they are adopted as such.

B. Exclusive Jurisdiction; Venue; Core Proceeding (28 U.S.C. §§ 157(b)(2) and 1334(a)). This Court has jurisdiction over the Chapter 11 Cases pursuant to 28 U.S.C. §§ 157 and 1334. Venue in this judicial district was proper as of the Petition Date and continues to be proper pursuant to 28 U.S.C. §§ 1408 and 1409. Confirmation of the Plan is a core proceeding under 28 U.S.C. § 157(b)(2)(E), and this Court has the exclusive jurisdiction to consider confirmation of the Plan and enter a final order with respect thereto.

C. Burden of Proof. The Debtors have the burden of proving the elements of Bankruptcy Code section 1191 and the applicable elements of section 1129(a) by a preponderance of the evidence. The Debtors have met their burden with respect to all applicable elements under Bankruptcy Code sections 1129 and 1191.

D. Subchapter V of Chapter 11 Petitions. On the Petition Date, the Debtors filed voluntary petitions for relief under subchapter V of chapter 11 of the Bankruptcy Code. The Debtors have continued as debtors in possession pursuant to Bankruptcy Code sections 1108 and 1184.

E. Subchapter V Trustee. On September 2, 2022, the Office of the United States Trustee filed the *Notice of Appointment of Subchapter V Trustee* [Docket No. 16], appointing Jami Nimeroff as the Subchapter V Trustee pursuant to Bankruptcy Code section 1183(a) and 28 U.S.C. § 586(a)(3).

F. Solicitation. On December 1, 2022, the Court entered the Solicitation Procedures Order, which approved the solicitation, voting procedures and deadlines for voting on and objecting to the Plan.

G. Notice. As set forth in the Voting Declaration, the Debtors, through their balloting agent, Omni, transmitted and served solicitation packages and ballots in compliance with the

Solicitation Procedures Order and Bankruptcy Rules, and such transmittal and service were adequate and sufficient. The Debtors, through Omni, have provided due, proper, timely, adequate and sufficient notice to all parties required to be given notice of the Confirmation Hearing (including the deadline for filing and serving objections to confirmation of the Plan), in accordance with the Solicitation Procedures Order and the Bankruptcy Rules, and all creditors and parties-in-interest have had ample opportunity to appear and be heard with respect thereto, and no other or further notice is required.

H. Solicitation and Tabulation. Based on the Voting Declaration, the Debtors properly solicited the Plan and, as such, fully complied with Bankruptcy Code sections 1125 and 1126, Bankruptcy Rules 2002 and 3018, the Local Rules, and applicable orders of this Court including, without limitation, the Solicitation Procedures Order. The Debtors, through Omni, solicited and tabulated votes for acceptance or rejection of the Plan fairly, in good faith, and in a manner consistent with Bankruptcy Code sections 1125 and 1126, Bankruptcy Rule 3018, the Solicitation Procedures Order, and all other applicable laws and regulations. The Debtors, the Debtors' professionals, and all of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, advisors, and successors or assigns, have acted in good faith within the meaning of Bankruptcy Code sections 1125(e) and 1129(a)(3) and are thus entitled to the protections afforded by Bankruptcy Code section 1125(e).

I. Proper Classification of Claims. The Plan adequately and properly identifies and classifies all Claims and Equity Interests; provided, however, that as reflected in the Confirmation Declaration, because no Debtor is obligated under a guaranty of the Seller Note, there is no LK Diversified Guaranty Claim against any Debtor. As such, notwithstanding any provisions to the contrary in the Plan, there is no Claim in Class 5, let alone any Impaired Claim. Likewise, as

reflected in the Confirmation Declaration, because there are no filed or scheduled claims against TS Holdings, there are no Claims in Class 6(c), let alone any Impaired Claims. Pursuant to Bankruptcy Code section 1122(a), the Claims and Equity Interests placed in each Class are substantially similar to other Claims and Equity Interests in each such Class. Pursuant to Bankruptcy Code section 1123(a)(1), valid legal and business reasons exist for the Classes of Claims and Equity Interests under the Plan and such classification does not unfairly discriminate among Holders of Claims and Equity Interests. The Plan's classification of Claims and Equity Interests is reasonable.

J. Voting. The Court finds that Classes 1(a)-(d), 4 and 6(a)-(d) are Impaired under the Plan and entitled to vote to accept or reject the Plan. As evidenced by the Voting Declaration, Classes 1(a)-(d), 4 and 6(a) and (b) voted to accept the Plan. The Court further finds that Classes 2(a)-(d), 3(a)-(d) and 8 are Unimpaired and, as such, are deemed to have accepted the Plan and were not entitled to vote on the Plan. Holders of Claims in Class 7 are either Unimpaired, in which case they are conclusively deemed to have accepted the Plan, or Impaired, in which case they are conclusively deemed to have rejected the Plan, and therefore, were not entitled to vote to accept or reject the Plan. No votes were received from holders of Claims, if any, in Class 6(d) of the Plan and thus such Class, together with Class 7 (to the extent Impaired) (together, the “**Rejecting Classes**”), are deemed to reject the Plan. Although section 1129(a)(8) of the Bankruptcy Code is not satisfied with respect to the Rejecting Classes, the Plan may nevertheless be confirmed because the Plan satisfies section 1129(b) of the Bankruptcy Code with respect to such Classes, as set forth below.

K. Implementation of the Plan. Article VII of the Plan provides adequate means for implementation in accordance with Bankruptcy Code section 1123(a)(5).

L. No Material Plan Modifications. The Court finds and concludes that any modifications to the Plan as may be set forth in this Confirmation Order or otherwise do not have any material adverse impact on any interested party and are appropriate under the circumstances.

M. Releases, Exculpations, and Injunctions. Pursuant to Bankruptcy Rule 3016(c), the Plan describes in specific and conspicuous language all acts to be enjoined by, and identifies the entities that are subject to releases, exculpations and injunctions provided under the Plan, including without limitation, Article XIII thereof. The Court finds that the release, exculpation and injunction provisions are consistent with applicable law and within the jurisdiction of the Court under 28 U.S.C. § 1334. The Court finds that each release and injunction provision set forth in the Plan is also: (i) essential to the implementation of the Plan pursuant to Bankruptcy Code section 1123(a)(5) and warranted by the circumstances of the Chapter 11 Cases; (ii) an integral element of the Plan; (iii) important to the overall objectives of the Plan; and (iv) consistent with Bankruptcy Code sections 1123 and 1129, and other applicable provisions of the Bankruptcy Code. The releases are the product of an arms-length transaction and a critical element of obtaining the support of the various constituencies for Plan support, and are fair and equitable and in the best interests of Debtors' estates.

N. Assumption and Rejection of Executory Contracts and Unexpired Leases. In accordance with Bankruptcy Code section 1123(b)(2), on the Effective Date, the Debtors shall be conclusively deemed to have assumed all Executory Contracts and Unexpired Leases not expressly rejected prior to, or subject to a motion to reject pending as of, the Confirmation Date pursuant to Article VIII(A) of the Plan or another order of the Court.

O. Principal Purpose of the Plan. The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933. The Plan thus satisfies the requirements of Bankruptcy Code section 1129(d).

P. Subchapter V Plan Deadline. The Plan complies with Bankruptcy Code section 1189 because it was timely filed prior to the plan-filing deadline of December 1, 2022.

Q. Subchapter V Plan Content. The Plan provides the following mandatory content: (i) a brief history of Debtors' business operations; (ii) a liquidation analysis; and (iii) projections with respect to Debtors' ability to make payments under the Plan. Accordingly, the Plan complies with Bankruptcy Code section 1190(1).

R. Satisfaction of Confirmation Requirements. For the reasons set forth in the Confirmation Declaration, the Debtors have satisfied, and the Plan complies with, all applicable provisions of Bankruptcy Code section 1129(a), which are expressly made applicable by Bankruptcy Code section 1191(a). Specifically:

a. The Debtors have complied with all applicable provisions of the Bankruptcy Code, as required by Bankruptcy Code sections 1129(a)(1) and 1129(a)(2).

b. The Plan was proposed in good faith and not by any means forbidden by law, and, the Debtors have satisfied the good faith requirement under Bankruptcy Code section 1129(a)(3).

c. Any payment made or to be made by the Debtors, for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Court as reasonable, and, thus, the Plan complies with section 1129(a)(4).

d. Under Article VII(G) of the Plan, the Debtors have disclosed that the Debtors' current Board and management will continue as the Board and management of Reorganized Debtors. Accordingly, the Plan complies with Bankruptcy Code section 1129(a)(5).

e. Bankruptcy Code section 1129(a)(6) is inapplicable.

f. The Debtors' evidence, including their Liquidation Analysis attached to the Plan as Exhibit D, demonstrates that each Class under the Plan is receiving not less than such Class would have received if Debtors were liquidated under chapter 7 of the Bankruptcy Code. Accordingly, the Plan complies with Bankruptcy Code section 1129(a)(7).

g. Classes 2(a)-(d), 3(a)-(d) and 8 are not Impaired under the Plan and, thus, are deemed to have accepted the Plan. Thus, Bankruptcy Code section 1129(a)(8) has been satisfied as to the foregoing classes.

h. To the extent that Bankruptcy Code section 1129(a)(9) applies, the Plan may be confirmed pursuant to the "special rule" under Bankruptcy Code section 1191(e), which provides in pertinent part that "notwithstanding section 1129(a)(9)(A)," a subchapter V "plan that provides for the payment through the plan of a claim of a kind specified in paragraph (2) or (3) of section 507(a) . . . may be confirmed under section (b) of [Bankruptcy Code section 1191]." The Plan provides for payment of Allowed Administrative Expense Claims, Professional Fee Claims and Priority Tax Claims on the Effective Date or as soon as practicable thereafter.

i. Classes 1(a)-(d) (AAVIN Secured Claim), Class 4 (LK Diversified Seller Note Claim), Class 6(a) (General Unsecured Claims – HJ Holdings) and Class 6(b)

(General Unsecured Claims – DRA) are Impaired Classes that voted to accept the Plan. Because at least one of these accepting classes (Class 6(a)) does not include insiders, section 1129(a)(10) of the Bankruptcy Code is satisfied.

j. There is no Holder of an LK Diversified Guaranty Claim against any Debtor and as such, there is no Impaired (or Unimpaired) Claim in Class 5 for purposes of assessing compliance with Bankruptcy Code sections 1129(a)(8) and (10).

k. Confirmation of the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtors, and, thus, Bankruptcy Code section 1129(a)(11) has been satisfied.

l. Pursuant to the Small Business Reorganization Act of 2019, the Debtors are not required to make quarterly payments to the U.S. Trustee in accordance with 28 U.S.C. § 1930(a)(6)(A).

m. Bankruptcy Code sections 1129(a)(13)-(16) do not apply to the Plan.

n. With respect to the Rejecting Classes, the Plan does not unfairly discriminate and is fair and equitable, within the meaning of Bankruptcy Code section 1191(b) because:

- (i) With respect to each class of Secured Claims, the Plan meets the requirements of section 1129(b)(2)(A) in that it provides (a) that the Holders of such Claims retain the liens securing such Claims, whether the property subject to the liens is retained by the Debtors or transferred to another entity, to the extent of the Allowed amount of such Claims, and (b) that each Holder of a Secured Claim receive on account of such Claim deferred cash payments totaling at least the Allowed Amount of such Claims, of a value, as of the Effective Date, of at least the value of such Holder's interest in the Estate's interest in such property.
- (ii) The value of the property to be distributed under the Plan exceeds the Debtors' projected Disposable Income over a three-year period.

- (iii) There is a reasonable likelihood that the Debtors will be able to make all of the payments under the Plan.
- (iv) The Plan provides appropriate remedies to protect Holders of Claims and Equity Interests in the event that Plan payments are not made.

S. Requirements for Confirmation are Satisfied. The Debtors have satisfied all of the requirements for Confirmation of the Plan under Bankruptcy Code section 1191. Confirmation of the Plan is in the best interests of the Debtors' estates, creditors and all other parties in interest.

Now, THEREFORE, in view of the foregoing FINDINGS, it is hereby ORDERED, ADJUDGED, and DECREED as follows:

1. Incorporation of Findings. The foregoing findings are hereby incorporated into and form an integral part of this Confirmation Order.

2. Notice of Confirmation Hearing. Notice of the Confirmation Hearing was: (i) appropriate and satisfactory based upon the circumstances of the Chapter 11 Cases and (ii) in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and applicable non-bankruptcy law.

3. Plan Modifications. Any plan modifications set forth in this Confirmation Order or otherwise do not have any material adverse impact on any interested party, and may be implemented without further notice, hearing, or solicitation, and are appropriate under the circumstances. In accordance with Bankruptcy Code section 1127 and Bankruptcy Rule 3019, all Holders of Claims who voted to accept the Plan are deemed to have accepted the Plan as modified hereby.

4. Objections. For the reasons stated on the record, any objections to Confirmation of the Plan that have not been withdrawn, resolved, waived or settled are overruled on the merits.

5. Plan Confirmation. The Plan is hereby CONFIRMED in its entirety under Bankruptcy Code section 1191(b); *provided; however*, that notwithstanding any provisions to the contrary in the Plan, or the Solicitation Procedures Order, Class 5 (i.e. the LK Diversified Guaranty Claim) is hereby deemed eliminated from the Plan.

6. Approval of Plan Releases, Exculpations, and Injunctions. Each release, exculpation, and injunction provision set forth in the Plan is hereby approved.

7. Assumption and Rejection of Executory Contracts and Unexpired Leases. In accordance with Bankruptcy Code section 1123(b)(2), upon entry of the Confirmation Order, the Debtors will be conclusively deemed to have assumed all Executory Contracts and Unexpired Leases not expressly rejected prior to, or subject to a rejection motion pending as of, the Confirmation Date pursuant to Article VIII of the Plan or another order of the Court.

8. Rejection Claim and Related Rejection Claims Bar Date. A proof of claim arising from the rejection of an Executory Contract or Unexpired Lease (such claim, a “**Rejection Claim**”) must be filed with the Court and served upon counsel for Debtors on or before (i) the General Bar Date, or (b) twenty-one (21) days after the date of service of an order authorizing the rejection of such Executory Contract or Unexpired Lease on the affected counterparty (the “**Rejection Claims Bar Date**”). Any and all Rejection Claims not filed on or before the Rejection Claims Bar Date shall be disallowed and forever barred in their entirety and shall not be enforceable against the Debtors, Debtors’ estates, or their respective properties or interests in property as agents, successors, or assigns, absent order of the Court to the contrary.

9. Binding Effect. Effective as of the entry of this Confirmation Order, but subject to applicable due process rights and the occurrence of the Effective Date, to the fullest extent of applicable law, the Plan and this Confirmation Order shall be binding on: (i) the Debtors; (ii) all

Holders of Claims and Equity Interests, irrespective of whether such Claims and Equity Interests asserted or unasserted, manifested or unmanifested or known or unknown; and (iii) each person or entity acquiring property under the Plan. Additionally, because no counterparty to any Executory Contract or Unexpired Lease has objected to the assumption of such Executory Contract or Unexpired Lease, or the cure amount related thereto, entry of this Confirmation Order is deemed consent by each counterparty to an Executory Contract or Unexpired Lease to the assignment of Debtors' right, title, and interest in such Executory Contract or Unexpired Lease, and as evidence of such consent, a copy of this Confirmation Order may be filed with any and all applicable state, federal, or other governmental or regulatory authority and/or in any applicable governmental record.

10. Discharge. Because the Plan is confirmed under Bankruptcy Code section 1191(b), upon the completion by the Reorganized Debtors of all payments contemplated by the Plan and, in particular, the Distribution of the Unsecured Claim Distribution Amount, the Debtors shall receive a discharge provided by and in accordance with Article XI(B)(2) of the Plan.

11. Post-Confirmation Business Operations. The Debtors are authorized to operate their business and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, Bankruptcy Rules and Local Rules, and in all respects as if there were no pending Chapter 11 Cases under any chapter or provisions of the Bankruptcy Code.

12. Debtors' Authorization. The Debtors are hereby authorized and fully empowered to take any and all actions as may be necessary and appropriate to consummate, effectuate, and implement the Plan and all transactions contemplated thereby.

13. Rights of Holders of Allowed Claims. All rights of Holders of Allowed Claims to receive a Distribution on account of such Claim(s) shall hereinafter be limited solely to the right

to receive such Distribution only to the extent and as expressly provided in this Confirmation Order and under the Plan.

14. Remedies upon Default: Unless otherwise set forth in the Plan, pursuant to section 1191(c)(3) of the Bankruptcy Code, if the Reorganized Debtors default in payments required to be made under the Plan, the affected creditor shall notify the Reorganized Debtors, who shall have fifteen (15) days to cure such default. If the Reorganized Debtors do not cure the default within that fifteen (15)-day period, the creditor may file a notice of the default with the Court and request a hearing to consider appropriate remedies.

15. Notice of Effective Date and Related Deadlines. In accordance with the terms of the Plan and as soon as reasonably practicable after the Debtors' Plan is substantially consummated, the Debtors shall file a notice of occurrence of the Effective Date (the "**Notice of Effective Date**") with the Court, substantially in the form attached hereto as Exhibit 2, and serve it upon all known creditors and parties required to receive notice pursuant to Bankruptcy Rule 2002. As applicable, the Notice of Effective Date shall further set forth the Rejection Claims Bar Date, Administrative Expense Claims Bar Date and Professional Fee Claims Bar Date, each as set forth and defined herein.

16. Administrative Expense Claims Bar Date. All parties shall file any and all requests for allowance and payment of administrative expenses incurred on or after the Petition Date until and including the Effective Date pursuant to Bankruptcy Code section 503, other than Professional Fee Claims (the "**Administrative Expense Claims**") on the first Business Day that is thirty (30) days after service of the Notice of Effective Date (the "**Administrative Expense Claims Bar Date**"). Administrative Expense Claims filed after the Administrative Expense Claims Bar Date shall be disallowed and forever barred in their entirety, absent order of the Court to the contrary.

17. Professional Fee Claims Bar Date. All parties shall file any and all final applications for allowance and payment of fees, costs, and expenses incurred by any Professionals through the day immediately preceding the Effective Date (collectively, “**Professional Fee Claims**”) on the first Business Day that is forty-five (45) days after service of notice of the Effective Date (the “**Professional Fee Claims Bar Date**”). Professional Fee Claims filed after the Professional Fee Claims Bar Date shall be disallowed and forever barred in their entirety.

18. Re-vesting of Property. Pursuant to Bankruptcy Code section 1141(b), except as otherwise provided in the Plan or in this Confirmation Order, upon the entry of a final decree closing the Chapter 11 Cases (the “**Case Closing**”), all of the property of the estates shall vest in the Reorganized Debtors free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Case Closing, except as otherwise provided for in the Plan, the Reorganized Debtors may operate their business and use, acquire or dispose of property, and compromise or settle any Claims, interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

19. Notice of Subsequent Pleadings. Except as otherwise provided in the Plan or in this Confirmation Order, notice of all subsequent pleadings in the Chapter 11 Cases after the Effective Date will be limited to the following parties: (a) the Reorganized Debtors and their counsel; (b) the U.S. Trustee; (c) the Subchapter V Trustee; (d) counsel to AAVIN; (e) any party known to be directly affected by the relief sought by such pleadings; and (f) any party that specifically requests additional notice in writing to the Debtors or Reorganized Debtors, as applicable, or files a request for notice under Bankruptcy Rule 2002 after the Effective Date. The Balloting Agent shall not be required to file updated service lists.

20. Amendments/Headings. This Confirmation Order may be amended or supplemented only upon further, final order of the Court. The headings used herein are for ease of reference only and shall not be used in interpreting this Confirmation Order.

21. Retention of Jurisdiction. Notwithstanding the entry of this Confirmation Order or the occurrence of the Effective Date, this Court shall retain jurisdiction over all matters arising in, arising under, or related to these Chapter 11 Cases to the fullest extent legally permissible.

22. Successors/Assigns. This Confirmation Order shall be binding upon, and inure to the benefit of, the Debtors' successors, designees, assigns, beneficiaries, executors, administrators, and/or personal representatives.

23. Conflicts between this Confirmation Order and the Plan. The provisions of the Plan and this Confirmation Order shall be construed in a manner consistent with each other so as to effect the purpose of each; *provided, however*, that if there is determined to be any inconsistency between any Plan provision and any provision of this Confirmation Order that cannot be so reconciled, then solely to the extent of such inconsistency the provisions of this Confirmation Order shall govern. The provisions of this Confirmation Order are integrated with each other and are non-severable and mutually dependent unless expressly stated by further order of this Court.

24. Finality and Immediate Effect of Confirmation Order. This Confirmation Order (i) is a Final Order and the period in which an appeal must be filed shall commence upon the entry hereof; and (ii) notwithstanding the applicability Bankruptcy Rule 3020(e), shall be immediately effective and enforceable upon the entry hereof. The failure to reference or address all or part of any particular provision of the Plan herein has no effect on the validity, binding effect, or enforceability of such provision and such provision has the same validity, binding effect, and enforceability as every other provision of the Plan.

25. Post-Confirmation Reports. The Debtors shall file quarterly post-confirmation reports, served on the U.S. Trustee and the Subchapter V Trustee, on or before the 20th day after the end of the calendar quarter. The reporting shall include, at a minimum, the following information: (a) the bank name and account type of the Debtors' bank accounts; (b) the name of the person with signatory authority over the accounts; (c) post-confirmation Disbursements by month during the reporting period (by Class); and (d) cumulative Plan Disbursements to date.

26. Final Decree. Once all payments required to be made under the Plan have been made and the Debtors' estates have been fully administered, as provided in Bankruptcy Rule 3022, the Reorganized Debtors, or such other party as the Bankruptcy Court designates, shall file a motion with the Bankruptcy Court to obtain a final decree to close the Chapter 11 Cases. Alternatively, the Bankruptcy Court may enter such a final decree on its own motion.

Exhibit 1
(Chapter 11 Plan)

SOLICITATION VERSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

)	
In re:	)	Chapter 11
)	
HJ DYNAMIC HOLDINGS, LLC, <i>et al.</i> , ¹	)	Case No. 22-10837 (JKS)
)	
Debtors.	)	Jointly Administered
)	

DEBTORS' SUBCHAPTER V PLAN OF REORGANIZATION

Dated: December 1, 2022

SAUL EWING LLP

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Possession*

¹ The Debtors in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are HJ Dynamic Holdings, LLC (4125), TS Dynamic Holdings, LLC (6365), Dynamic Restaurant Acquisition, Inc. d/b/a Happy Joe's Pizza (8894), TS Dynamic Acquisition, Inc. (9439). The Debtors' mailing address is 5239 Grand Avenue, Davenport, Iowa 52807.

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I. DEFINITIONS AND CONSTRUCTIONS OF TERMS

A. Definitions

“**503(b)(9) Claim**” means any Claim against any of the Debtors for the value of goods sold to the Debtors in the ordinary course of business and received by the Debtors within twenty (20) days before the Petition Date, which qualifies as an administrative expense pursuant to 11 U.S.C. § 503(b)(9).

“**AAVIN**” means, collectively, AAVIN Equity and AAVIN Mezz.

“**AAVIN Amendment**” means the Sixth Amendment to the AAVIN Loan and Investment Agreement, the form of which is attached hereto as Exhibit A, by which the AAVIN Prepetition Credit Documents shall be amended to include the DIP Facility.

“**AAVIN Borrowers**” means DRH, HJ Holdings, TS Holdings, DRA, DRF, TS, HJF and PFRF.

“**AAVIN Equity**” means AAVIN Equity Partners II, L.P.

“**AAVIN Loan and Investment Agreement**” means the Senior Subordinated Loan and Investment Agreement, dated as of October 24, 2017, between the AAVIN Borrowers and AAVIN, as amended.

“**AAVIN Mezz**” means AAVIN Mezzanine Fund, L.P.

“**AAVIN Prepetition Credit Documents**” shall have the meaning set forth in Article III(B)(ii) herein.

“**AAVIN Secured Claim**” means the Allowed Secured Claim of AAVIN in the amount of \$5,270,641.14, which is comprised of the outstanding pre-petition obligations owed to AAVIN under the AAVIN Prepetition Credit Documents, with interest calculated at the non-default rate, but which does not include the DIP Claim.

“**Administrative Expense Claim**” means any Claim against any Debtor for costs and expenses of administration of the Subchapter V Cases pursuant to Bankruptcy Code sections 503(b), 507(a)(2) or 507(b), including (a) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estates and operating the Debtors’ businesses, (b) any Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Subchapter V Cases pursuant to Bankruptcy Code sections 503(b)(3), (4), and (5), (c) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code, and (d) 503(b)(9) Claims, but excluding Professional Fee Claims.

“**Administrative Expense Claims Bar Date**” means the deadline for filing requests for payment of Administrative Expense Claims, which deadline shall be the first Business Day that is thirty (30) days after service of notice of the Effective Date, which notice will include the Administrative Expense Claims Bar Date.

“Affiliate” means an “affiliate” as defined under Bankruptcy Code section 101(2).

“Allowed” means, with respect to any Claim or Equity Interest, or any portion thereof, except as otherwise provided herein: (a) a Claim or Equity Interest that is evidenced by a filed Proof of Claim or a request for payment of an Administrative Expense Claim filed by the Administrative Expense Claims Bar Date or Professional Fee Claim filed by the Professional Fee Claims Bar Date, as applicable (or a Claim or Equity Interest for which a Proof of Claim or request for payment expressly is not or shall not be required to be filed under the Plan, the Bankruptcy Code, or pursuant to a Final Order); (b) a Claim or Equity Interest that is listed in the Schedules and Statements as not Contingent, not unliquidated, and not Disputed, and for which no Proof of Claim has been filed; or (c) a Claim or Equity Interest that is Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; provided, that with respect to a Claim or Equity Interest described in clauses (a) and (b) above, such Claim or Equity Interest shall be considered Allowed only if and to the extent that with respect to such Claim or Equity Interest no objection to allowance or priority or a request for estimation thereof has been interposed within the applicable period of time fixed by the Plan (including the Claims Objection Deadline), the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim or Equity Interest has been Allowed by a Final Order. Unless otherwise specified in the Plan or in an order of the Bankruptcy Court allowing such Claim or Equity Interest, “Allowed” in reference to a Claim or Equity Interest shall not include: (1) any interest on the amount of such Claim accruing from and after the Petition Date; (2) any punitive or exemplary damages; (3) any fine, penalty (other than pursuant to Bankruptcy Code section 507(a)(8)(G)) or forfeiture; or (4) except as otherwise provided herein, any attorneys’ fees and expenses. Any Claim or Equity Interest that has been or is hereafter listed in the Schedules and Statements as Contingent, unliquidated, or Disputed, and for which no Proof of Claim is or has been filed, is not considered Allowed.

“Avoidance Actions” means Causes of Action arising under Bankruptcy Code sections 502, 510, 541, 544, 545, 547, 548, 549, 550, 551, or 553, or under related state or federal statutes and common law, including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to prosecute such Causes of Action.

“Bankruptcy Code” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

“Bankruptcy Court” means the United States Bankruptcy Court for the District of Delaware, having jurisdiction over the Subchapter V Cases or, if such Court ceases to exercise jurisdiction over the Subchapter V Cases, such court or adjunct thereof that exercises jurisdiction over the Subchapter V Cases in lieu of the United States Bankruptcy Court for the District of Delaware.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as amended from time to time.

“Bar Date” means the applicable bar date by which Proofs of Claim or requests for allowance and payment of Administrative Expense Claims or Professional Fee Claims must be, or must have been, filed, as established by an order of the Bankruptcy Court, including the Bar Date Order and/or the Confirmation Order.

“**Bar Date Order**” means the Bankruptcy Court’s *General Order – Order Setting Proof of Claim Bar Dates in All Cases under Subchapter V of Chapter 11*, dated September 14, 2020.

“**Board**” means the Debtors’ Board of Directors.

“**Business Day**” means any day, other than a Saturday, Sunday or “legal holiday,” as defined in Bankruptcy Rule 9006(a).

“**Case Website**” means the website maintained by Omni where parties are able to view the Plan and other documents related to the Subchapter V Cases at <https://omniagentsolutions.com/HappyJoes>.

“**Cash**” means legal tender of the United States of America or equivalents thereof, including, without limitation, payment in such tender by check, wire transfer, or any other customary payment method.

“**Causes of Action**” means any Claim, cause of action (but, excluding Avoidance Actions), controversy, right of setoff, cross claim, counterclaim, or any claim on contracts or for breaches of duties imposed by law or in equity, demand, right, action, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment or account of any kind or character whatsoever, known, unknown, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law.

“**Claim**” means any past, present, or future claim, demand, action, request, cause of action, suit, proceeding, or liability of any kind or nature whatsoever, whether at law or equity, known or unknown, actual or alleged, asserted or not asserted, suspected or not suspected, anticipated or unanticipated, accrued or not accrued, fixed or Contingent, which has been or may be asserted by or on behalf of any Person, whether seeking damages or equitable, mandatory, injunctive or any other type of relief, including cross-claims, counterclaims, third-party claims, suits, lawsuits, administrative proceedings, notices of liability or potential liability, arbitrations, actions, rights, causes of action or orders, and any other “claim” as defined under Bankruptcy Code section 101(5), against any Debtor.

“**Claimant**” means an Entity that holds a Claim against one or more Debtors that arose before the Petition Date, whether such Claim is known or unknown, manifested or unmanifested, and/or liquidated or unliquidated, as of the Petition Date.

“**Claims and Noticing Agent**” means Omni, in its capacity as the claims and noticing agent to Debtors pursuant to the *Order Authorizing Retention and Employment of Omni Agent Solutions as Claims and Noticing Agent to Debtors, Effective as of the Petition Date Pursuant to 28 U.S.C. § 156(c) and Local Rule 2002-1(f)* [Docket No. 49].

“**Claims Objection Deadline**” means the first Business Day that is ninety (90) days after the Effective Date or such later date as may be approved by order of the Bankruptcy Court upon motion of the Reorganized Debtors, with notice served as required by Local Rule 2002-1(b), including on all claimants whose rights are affected by such motion; *provided, however*, that the

filing of a motion to extend the Claims Objection Deadline shall automatically extend the Claims Objection Deadline until an Order is entered on such motion; *provided, further*, that in the event a motion to extend the Claims Objection Deadline is denied, the Claims Objection Deadline shall be the later of the then-current Claims Objection Deadline or thirty (30) days after the Bankruptcy Court's entry of an order denying the motion to extend the Claims Objection Deadline, unless the Court imposes a different deadline.

“**Class**” means any group of substantially similar Claims or Equity Interests classified by the Plan pursuant to Bankruptcy Code sections 1122 and 1123(a)(1).

“**Clerk**” means the Clerk of the Bankruptcy Court.

“**Collateral**” means any property or interest in property of the Estates subject to a Lien, charge or other encumbrance to secure the payment or performance of a Claim, which Lien, charge or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or other applicable law.

“**Confirmation Date**” means the date on which the Confirmation Order is entered on the Docket.

“**Confirmation Hearing**” means the hearing(s) before the Bankruptcy Court at which the Debtors seek entry of the Confirmation Order, as such hearing(s) may be adjourned or continued from time to time.

“**Confirmation Order**” means the Final Order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code section 1191.

“**Confirmation**” means entry of the Confirmation Order by the Bankruptcy Court on the Docket.

“**Consummation**” means the occurrence of the Effective Date.

“**Contingent**” means, with respect to any Claim or Equity Interest, or any portion thereof, except as otherwise provided herein, any contingent or unliquidated Claim asserted or which may be asserted against the Debtors.

“**Cure**” means the payment of Cash by the Debtors, or the distribution of property (as the parties may agree or the Bankruptcy Court may order), as necessary to cure monetary defaults under an Executory Contract or Unexpired Lease of the Debtors and to permit the Debtors to assume such Executory Contract or Unexpired Lease under Bankruptcy Code section 365(a).

“**Cure Claim**” means the amount owed to the non-Debtor contracting party based upon the Debtors' default under an Executory Contract or Unexpired Lease at the time such Executory Contract or Unexpired Lease is assumed pursuant to Bankruptcy Code section 365.

“**Debtors**” means, collectively, HJ Holdings, TS Holdings, DRA and TS, the debtors in the Subchapter V Cases.

“**DIP Claim**” means the Allowed Secured Claim of AAVIN against the Debtors arising under the DIP Facility, including for all principal amounts outstanding, interest, fees, expenses, costs and other charges and obligations owed thereunder, which Secured Claim shall be satisfied as provided in Article V(A) of the Plan. As of the date of this Plan, the amount of the DIP Claim is \$600,000.00.

“**DIP Facility**” means the multiple draw non-revolving secured term loan provided by AAVIN to the Debtors in accordance with Final DIP Financing Order, as amended by this Plan.

“**Disallowed**” means, with respect to any Claim, or any portion thereof, except as otherwise provided herein, a Claim, or any portion thereof that: (a) has been disallowed by a Final Order; or (b) (i) is not scheduled, or is scheduled at zero, in an unknown amount or as Contingent, Disputed or unliquidated, and (ii) as to which the Bar Date has been established but no Proof of Claim or request for payment of Administrative Expense Claim has been filed.

“**Disposable Income**” means “disposable income” as defined under Bankruptcy Code section 1191(d).

“**Disputed**” means any Claim, or any portion thereof, that is: (i) listed on the Schedules as unliquidated, disputed and/or contingent for which no proof of claim in a liquidated and non-contingent amount has been filed; or (ii) the subject of an objection or request for estimation filed by any of the Debtors or any other party-in-interest with the Bankruptcy Court and which objection has not been withdrawn, resolved, or overruled by a Final Order.

“**Distribution**” means Cash, property, interests in property, or other value to be distributed by the Reorganized Debtors to Holders of Allowed Claims, or their designated agents, under the Plan.

“**Docket**” means the docket in the Subchapter V Cases maintained by the Clerk.

“**DRA**” means Dynamic Restaurant Acquisition, Inc. d/b/a Happy Joe’s Pizza.

“**DRF**” means Dynamic Restaurant Franchising, Inc.

“**DRH**” means Dynamic Restaurant Holdings, LLC.

“**Effective Date**” means the first Business Day on which the conditions specified in Article XII of the Plan have been met, satisfied, and/or waived.

“**Entity**” means an “entity” as defined under Bankruptcy Code section 101(15).

“**Equity Interests**” means any “equity security” in a Debtor as defined under Bankruptcy Code section 101(16), including, without limitation, all issued, unissued, authorized or outstanding ownership interests (including common and preferred) or other equity interests, together with any warrants, options, convertible securities, liquidating preferred securities or contractual rights to purchase or acquire any such equity interests at any time and all rights arising with respect thereto.

“**Estates**” means the estates of Debtors created upon the commencement of the Subchapter V Cases pursuant to Bankruptcy Code section 541.

“**Exculpated Parties**” means collectively, and in each case in their capacity as such during the Subchapter V Cases: (a) the Debtors, (b) the Debtors’ members, directors and officers serving between the Petition Date and the Effective Date, (c) each Professional retained by the Debtors, and (d) the Subchapter V Trustee.

“**Executory Contract**” means any executory contract to which one or more Debtors is a party that is subject to assumption or rejection under Bankruptcy Code section 365.

“**Final Decree**” means the order entered pursuant to Bankruptcy Code section 350, Bankruptcy Rule 3022, and Local Rule 3022-1, closing the Subchapter V Cases.

“**Final DIP Financing Order**” means the *Final Order (I) Authorizing the Debtors to (A) Use Cash Collateral and (B) Grant Adequate Protection; (II) Authorizing the Debtors to (A) Obtain Postpetition Financing and Grant Liens and Superpriority Administrative Expense Claims; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief* [Docket No. 121] entered by the Bankruptcy Court on September 28, 2022.

“**Final Order**” means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction that has been entered on the docket in the Subchapter V Cases (or the docket of such other court) that is not subject to a stay and has not been modified, amended, reversed or vacated and as to which (a) the time to appeal, petition for certiorari or move for a new trial, reargument or rehearing pursuant to Bankruptcy Rule 9023 has expired and as to which no appeal, petition for certiorari or other proceedings for a new trial, reargument or rehearing shall then be pending, or (b) if an appeal, writ of certiorari, new trial, reargument or rehearing thereof has been sought, such order or judgment shall have been affirmed by the highest court to which such order was timely and properly appealed, or certiorari shall have been denied or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument or rehearing shall have expired; provided, however, that no order shall fail to be a Final Order solely because of the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure or Rule 9024 of the Federal Rules of Bankruptcy Procedure may be filed with respect to such order, as long as such motion has not been actually filed.

“**Fortress**” means Fortress Bank, N.A. (f/k/a First State Bank of Illinois).

“**Fortress Borrowers**” means DRH, HJ Holdings, TS Holdings, DRA, DRF, TS, HJF and PFRF.

“**Fortress Credit Agreement**” shall have the meaning set forth in Article III(B)(i) herein.

“**Franchised Locations**” shall have the meaning set forth in Article III(A) herein.

“**General Bar Date**” means November 1, 2022, as established by the Bar Date Order.

“General Unsecured Claims” means, collectively, any unsecured Claim against the Debtors that is not (a) a DIP Claim, (b) a Priority Tax Claim, (c) an Administrative Expense Claim, (d) a Professional Fee Claim, (e) a Priority Non-Tax Claim, (f) a Secured Claim, (g) any Claim that constitutes an Equity Interest, (h) otherwise entitled to priority treatment under the Bankruptcy Code or any order of the Bankruptcy Court, (i) the LK Diversified Seller Note Claim, or (j) the LK Diversified Guaranty Claim.

“Governmental Unit” means a “governmental unit” as defined under Bankruptcy Code section 101(27).

“Happy Joe’s” means restaurants operating under the name “Happy Joe’s Pizza and Ice Cream.”

“HJ Holdings” means HJ Dynamic Holdings, LLC.

“HJ Guaranty” shall have the meaning set forth in Article III(B)(iii) of this Plan.

“HJF” means Happy Joe’s Franchising, Inc.

“Holder” means the beneficial holder of any Claim or Equity Interest.

“Impaired” means, with respect to any Class, a Class that is impaired within the meaning of Bankruptcy Code sections 1123(a)(4) and 1124.

“Intercompany Claims” means (i) any account reflecting intercompany book entries by one Debtor with respect to the other Debtor, and (ii) any Claim that is not reflected in such book entries and is held by a Debtor against the other Debtor, in each case accruing before or after the Petition Date through the Effective Date, including any Claim for reimbursement, payment as guarantor or surety, or any Claim for contribution or expenses that were allocable between or among more than one of the Debtors.

“Lien” means “lien” as defined under Bankruptcy Code section 101(37).

“Liquidation Value” means the amount that would be realized if the Debtors’ assets were sold and liquidated under chapter 7 of the Bankruptcy Code.

“LK Diversified” means LK Diversified, Inc. (f/k/a Happy Joe’s Pizza & Ice Cream Parlors, Inc.).

“LK Diversified Guaranty Claim” means the Claim of LK Diversified for any amounts outstanding under the HJ Guaranty.

“LK Diversified Seller Note Claim” means the Claim of LK Diversified for any amounts outstanding under the Seller Note, with interest calculated at the non-default rate.

“Local Rules” means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

“Maximum Amount” means with respect to any Claim that is not an Allowed Claim: (a) the amount to which the Debtors and the holder of the Claim agree; or (b) any amount the Bankruptcy Court estimates or determines under Bankruptcy Code section 502(c); or (c) absent any agreement, estimation, or determination, the amount set forth in the Proof of Claim or application for payment filed by the Holder of the Claim, or, if no amount is so set forth, the amount set forth in the Schedules and Statements for the Claim, or, if no amount is so set forth, the amount that the Debtors estimate in their good faith discretion.

“Omni” means Omni Agent Solutions, the Debtors’ Claims and Noticing Agent and administrative advisor.

“Other Secured Claims” means all Secured Claims other than the DIP Claim and the AAVIN Secured Claim.

“Person” means a “person” as defined under Bankruptcy Code section 101(41).

“Petition Date” means September 2, 2022, the date on which the Debtors filed their voluntary petitions for relief electing treatment under subchapter V of chapter 11 of the Bankruptcy Code.

“PFRF” means PF Restaurant Franchising, Inc.

“Plan” means this Subchapter V Plan of Reorganization including, without limitation, all exhibits, supplements (including the Plan Supplement), appendices, and schedules hereto, either in their present form or as the same may be altered, amended, or modified from time to time.

“Plan Objection Deadline” means January 3, 2023 at 4:00 p.m. (ET), the deadline for filing objections to the Plan, as established by the Bankruptcy Court’s order establishing plan solicitation deadlines in these Subchapter V Cases.

“Plan Supplement” means, collectively, the documents, schedules, and exhibits to the Plan to be filed by the Debtors no later than seven (7) days prior to the earlier of (a) the deadline for submission of ballots to vote to accept or reject a plan, or (b) the deadline to object to confirmation of the plan.

“Priority Non-Tax Claims” means, collectively, any Claim, other than an Administrative Expense Claim, Professional Fee Claim or Priority Tax Claim, which is entitled to priority under Bankruptcy Code section 507(a) of the Bankruptcy Code.

“Priority Tax Claims” means, collectively, any Claim of a Governmental Unit of a kind specified under Bankruptcy Code section 507(a)(8) and/or Bankruptcy Code section 502(i).

“Proposed Cure Amounts” shall have the meaning set forth in Article VIII(A) of this Plan.

“Pro Rata” means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a

particular Class bear to the aggregate amount of Allowed Claims in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan.

“Professional” means an Entity employed pursuant to a Bankruptcy Court order in accordance with Bankruptcy Code section 327 and to be compensated for services rendered before the Effective Date, pursuant to Bankruptcy Code sections 327, 328, 329, 330, or 331.

“Professional Fee Claims” means, collectively, any Claim for (a) the allowance of compensation of a Professional and the reimbursement of expenses incurred by such Professional through the day immediately preceding the Effective Date to the extent such fees and expenses have not been previously paid; or (b) the allowance of compensation of the SubChapter V Trustee and the reimbursement of expenses incurred by the SubChapter V Trustee through the day immediately preceding the Effective Date to the extent such fees and expenses have not been previously paid.

“Professional Fee Claims Bar Date” means the deadline for filing requests for payment of Professional Fee Claims, which shall be the first Business Day that is forty-five (45) days after service of notice of the Effective Date, and which notice shall include such bar date.

“Proof of Claim” means a proof of Claim or Equity Interest filed against any Debtor in the Subchapter V Cases.

“Proposed Cure Amount Objection Deadline” means the deadline for filing objections to the Proposed Cure Amounts, which shall be the later of (i) December 20, 2022, at 4:00 p.m., or (ii) 14 days after service of an assumption/cure notice.

“Reinstate” means, with respect to a Claim, that the Claim shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.

“Rejection Claims” means, collectively, any Claim arising from, or relating to, the rejection of an Executory Contract or Unexpired Lease pursuant to Bankruptcy Code section 365(a) by any of the Debtors, as limited, in the case of a rejected Unexpired Lease, by Bankruptcy Code section 502(b)(6).

“Rejection Claims Bar Date” means the date by which Rejection Claims must be filed, which shall be the latest of: (a) the General Bar Date; or (b) twenty-one (21) days after the date of service of an order authorizing the rejection of such Executory Contract or Unexpired Lease.

“Releases” means the releases described in Article XIII of this Plan.

“Reorganized Debtors” means the Debtors upon and after the Effective Date of this Plan.

“Schedules and Statements” means the Schedules of Assets and Liabilities and Statements of Financial Affairs filed by the Debtors under Bankruptcy Code section 521 and Bankruptcy Rule 1007 on September 27, 2022 [D.I. 109-116], and all amendments and modifications thereto, including the amendments filed on October 5, 2022 and October 20, 2022 [D.I. 128, 129, 152-154].

“**Secured Claims**” means, collectively, any Claim that is: (a) secured by a valid and perfected Lien in Collateral, which is enforceable pursuant to applicable law (i) as set forth in the Plan, (ii) as agreed to by the Holder of such Claim and the Debtors, or (iii) as determined by a Final Order; or (b) subject to a valid right of setoff under Bankruptcy Code section 553, in each case, as determined pursuant to Bankruptcy Code section 506(a).

“**Seller Note**” shall have the meaning set forth in Article III(B)(iii) of this Plan.

“**Subchapter V Case(s)**” means (a) when used with reference to a particular Debtor, the case under subchapter V of chapter 11 of the Bankruptcy Code commenced by such Debtor in the Bankruptcy Court, and (b) when used with reference to all Debtors, the cases under subchapter V of chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court being jointly administered under Case No. 22-10837 (JKS).

“**Subchapter V Trustee**” means Jami B. Nimeroff, Esquire, appointed by the U.S. Trustee pursuant to 11 U.S.C. § 1183(a) and 28 U.S.C. § 586(e).

“**Tony Sacco’s**” means restaurants operating under the name “Tony Sacco’s Coal Oven Pizza.”

“**TS**” means TS Dynamic Acquisition, Inc.

“**TS Holdings**” means TS Dynamic Holdings, LLC.

“**U.S. Trustee**” means the Office of the United States Trustee for the District of Delaware.

“**Unexpired Lease**” means a lease of real property to which one or more Debtors are parties that is subject to assumption or rejection under Bankruptcy Code section 365.

“**Unimpaired**” means, with respect to a Class of Claims or Equity Interests, a Claim or an Equity Interest that is “unimpaired” within the meaning of Bankruptcy Code section 1124.

“**Unsecured Claim Distribution Amount**” means the amount of \$66,000.00 which amount, as projected by the Debtors, (i) is more than the Disposable Income of the Debtors over a three-year period, and (ii) could not otherwise be satisfied by such Disposable Income and thus shall instead be loaned by AAVIN to the Debtors on the Effective Date pursuant to the DIP Facility for the sole purpose of funding Distributions to Holders of Allowed General Unsecured Claims in Classes 6(a) – (d), as set forth herein.

B. Interpretation; Application of Definitions and Rules of Construction

The following rules of construction, interpretation, and application shall apply:

- (1) Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter genders.

- (2) Unless otherwise specified, each section, article, schedule, or exhibit reference in the Plan is to the respective section in, article of, schedule to, or exhibit to the Plan.
- (3) Unless otherwise specified, the words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan.
- (4) The rules of construction contained in Bankruptcy Code section 102 shall apply to the construction of the Plan.
- (5) A term used herein that is not defined herein but that is used in the Bankruptcy Code shall have the meaning ascribed to that term in the Bankruptcy Code.
- (6) The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.
- (7) Unless otherwise provided, any reference in the Plan to an existing document, exhibit, or schedule means such document, exhibit, or schedule as may be amended, restated, revised, supplemented, or otherwise modified.
- (8) In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

II. INTRODUCTION

Pursuant to Bankruptcy Code sections 1129, 1190 and 1191, the Debtors propose this Plan, which, subject to Confirmation, will form a binding contract between the Debtors and all Claimants and other parties in interest that shall govern, among other things, the treatment and/or payment of Allowed Claims. Capitalized terms used in the Plan and not otherwise defined have the meanings ascribed to such terms in Article I(A) of the Plan.

This Plan is designed to accomplish goals consistent with the purposes of the Small Business Reorganization Act of 2019. This Plan will permit the Holders of Equity Interests to preserve the Debtors’ going concern value while maintaining the Debtors’ business operations and their Equity Interests. The Plan is also designed to permit the Debtors to resolve all Claims, whether manifested or unmanifested, known or unknown.

The Plan provides for payment of Allowed (a) unclassified Claims, including, Administrative Expense Claims, Professional Fee Claims, Other Secured Claims, Priority Tax Claims and Priority Non-Tax Claims in full on the later of the (i) Effective Date and (ii) the date such obligation comes due and owing; and (b) General Unsecured Claims through a Pro Rata Distribution to be made in the manner set forth herein.

Copies of the Plan and all other pleadings that have been or will be filed in the Subchapter V Cases are available for review without charge on the Case Website.

Subject to any restrictions on modifications as set forth under the Bankruptcy Code and the Bankruptcy Rules, the Debtors expressly reserve the right to alter, amend or modify the Plan one

or more times before its substantial consummation, subject to the limitations of section 1193 of the Bankruptcy Code.

III. BACKGROUND

A. Brief Description and History of Debtors' Business

As of the Petition Date, the Debtors: (a) owned and operated (i) six Happy Joe's locations, a vibrant, 50-year-old chain of pizza and ice cream restaurants, and (ii) two Tony Sacco's locations; and (b) indirectly franchised the Happy Joe's concept to thirty-seven franchisees in both the United States and the Middle East and the Tony Sacco's concept to two franchisees in the United States (the "**Franchised Locations**").²

Happy Joe's was founded in 1972 by Lawrence Joseph "Happy Joe" Whitty and offers its guests signature pizzas (like its famous Taco Joe Pizza), creative sandwiches, delicious pasta and ice cream sundaes. Tony Sacco's is an eatery offering traditional and specialty pizzas from custom-built ovens in an effort to recreate classic Old World pizzas.

The Debtors' "corporate structure," is as follows: HJ Holdings and TS Holdings are holding companies and have no operations. HJ Holdings is owned 100% by non-debtor holding company DRH. TS Holdings is owned 85% by non-debtor DRH and 15% by Aspen G, LLC, also a non-debtor. DRH is in turn owned by AAVIN.

HJ Holdings owns DRA and non-debtor DRF. DRF, in turn, owns non-debtor HJF. Debtor TS Holdings owns TS.

An organizational chart including the Debtors is attached hereto as **Exhibit B**.

The Debtors do not own any real property but rather lease the locations from which they operate their restaurants. As explained further below, the Debtors, as part of their restructuring efforts, have closed certain of their restaurant locations and in turn rejected the leases associated with such locations. As of the date of this Plan, the status of the Debtors' real property leases were as follows:

² To be clear, the Franchised Locations are not owned and operated by the Debtors. Thus, the operations of such locations, and the franchising efforts of the Debtors' non-debtor affiliates, DRF and HJF, should and will continue in the ordinary course irrespective of these pending SubChapter V Cases, without interruption.

Location	Restaurant Operated (or Formerly Operated) at Location	Landlord	Lessee	Lease Status
2630 Rockingham Road, Davenport, IA	Happy Joe's	SCF RC Funding IV LLC	DRA	Terminated as of October 1, 2022
2430 Spruce Hills Drive, Bettendorf, IA	Happy Joe's	SCF RC Funding IV LLC	DRA	Ongoing
841 West Johnson Street, Fond du Lac, WI	Happy Joe's	SCF RC Funding IV LLC	DRA	Terminated as of October 1, 2022
515 Tennet Street, Kewanee, IL	Happy Joe's	SCF RC Funding IV LLC	DRA.	Terminated as of October 1, 2022
201 W. 50th Street, Davenport, IA	Happy Joe's	SCF RC Funding IV LLC	DRA	Ongoing
1616 W. Locust Street, Davenport, IA	Happy Joe's	SCF RC Funding IV LLC	DRA	Ongoing
2705 Happy Drive, Bettendorf, IA	N/A – Former Company Support Center	Seventh Centre, LLC	DRA	Rejected as of September 2, 2022
1727 N. Henderson Street, Galesburg, IL	Happy Joe's	Toan Group 8, LLC	DRA	Rejected as of September 30, 2022
350 East Le Claire Road, Eldridge, IA 52748	Happy Joe's	Steve C. Wang and Dinah H. Wang	DRA	Rejected as of September 2, 2022
Spot 390A in Great Lakes Mall, Mentor, OH	Tony Sacco's	Mall at Great Lakes, LLC	TS	Rejected as of September 2, 2022
307 Florence, Unit H, Mishawaka, IN 46545	Tony Sacco's	Toscana Realty, LLC	TS	Rejected as of September 2, 2022
603 Myatt Drive, Maquoketa, IA 50260	Happy Joe's	NNE Enterprise, LLC	DRA	Rejected as of September 2, 2022
5239 Grand Ave., Davenport, IA 52807	N/A –Company Support Center	Montgomery Lands L.C.	DRA	Ongoing

B. The Debtors' Capital Structure and Credit Facilities

The Debtors' pre-petition capital structure primarily consisted of the following: (i) secured loans from Fortress; (ii) secured loans from AAVIN; and (iii) unsecured obligations.

(i) The Fortress Loans

The Fortress Borrowers, as borrowers, and Fortress, as lender, entered into a Credit Agreement, dated as of October 24, 2017 (as amended, the “**Fortress Credit Agreement**”). In accordance with the Fortress Credit Agreement, Fortress made a term loan to the Fortress Borrowers in the principal amount of \$1,500,000 and a revolving credit loan in the amount of \$500,000. The term loan was evidenced by a Term Loan Note, dated October 24, 2017. The revolving loan was evidenced by a Revolving Credit Note, dated October 24, 2017. The parties subsequently entered into several amendments to the Fortress Credit Agreement, through which, among other things, additional amounts were loaned to the Fortress Borrowers and certain other terms were modified.

To secure their obligations under the Fortress Credit Agreement, the Fortress Borrowers granted the following collateral to Fortress: (i) a security interest in all accounts, inventory, equipment, general intangibles, chattel paper, instruments, notes, deposit accounts, investment property, securities, letters of credit, payment intangibles, financial assets, and all supporting obligations; (ii) DRH, HJ Holdings, TS Holdings and DRF pledged certain equity interests; (iii) DRA, HJF and PFRF entered into Trademark Security Agreements in which they granted security interests in all of their trademarks and trademark licenses; and (iv) HJF entered into a Copyright Security Agreement in which HJF granted to Fortress a security interest in all of its copyrights, copyright applications, and copyright licenses.

To perfect its security interests, Fortress filed UCC-1 financing statements against the Fortress Borrowers with the Delaware Department of State and, with respect to HJF, the Iowa Secretary of State.

As of the Petition Date, no amounts are due to Fortress under the Fortress Credit Agreement. On October 24, 2022, because the Debtors no longer require loans from Fortress, the Debtors and Fortress entered into a *Stipulation for Modification of the Automatic Stay in Favor of Fortress Bank, N.A.*, pursuant to which the parties agreed to the modification of the automatic stay to permit Fortress to, among other things, terminate the Fortress Credit Agreement and release its Liens in the above-described Collateral. The Bankruptcy Court entered an order approving the stipulation on November 18, 2022 [Docket No. 182].

(ii) THE AAVIN Loans

The AAVIN Borrowers, and AAVIN, as lender, are parties to the AAVIN Loan and Investment Agreement under which AAVIN Mezz made loans to the AAVIN Borrowers in the aggregate amount of \$3,299,040 and AAVIN Equity made loans in the aggregate amount of \$1,340,960. The loans made by AAVIN Mezz are evidenced by a Fourth Amended and Restated Senior Subordinated Note, dated August 23, 2022 in the principal amount of \$3,743,389.93 (such principal amount include the loans made by AAVIN Mezz and interest capitalized and added to such loans through August 23, 2022). The loans made by AAVIN Equity are evidenced by a Fourth Amended and Restated Senior Subordinated Note, dated August 23, 2022 in the principal amount of \$1,521,535.21 (such principal amount include the loans made by AAVIN Equity and interest capitalized and added to such loans through August 23, 2022). The parties subsequently

entered into several amendments to the AAVIN Loan and Investment Agreement (collectively with the AAVIN Loan and Investment Agreement and any other agreements, instruments, pledge agreements, guarantees, control agreements and other documents related thereto, including any security agreements, or notes, and as amended by this Plan, the “**AAVIN Prepetition Credit Documents**”).

To secure their obligations under the AAVIN Loan and Investment Agreement, the AAVIN Borrowers granted to AAVIN the following collateral: (i) a security interest in all accounts, inventory, equipment, general intangibles, chattel paper, instruments, notes, deposit accounts, investment property, securities, letters of credit, payment intangibles, financial assets, and all supporting obligations; (ii) certain of the AAVIN Borrowers pledged certain equity interests; (iii) DRA, HJF and PFRF entered into Subordinated Trademark Security Agreements in which they granted security interests in all of their trademarks and trademark licenses; and (iv) HJF entered into a Subordinated Copyright Security Agreement, dated as of October 24, 2017, in which HJF granted a security interest in all of its copyrights, copyright applications, and copyright licenses. To perfect their security interests, AAVIN filed UCC-1 financing statements against the AAVIN Borrowers with the Delaware Department of State and, with respect to HJF, the Iowa Secretary of State.

As of the August 23, 2022, the principal amount due to AAVIN Mezz was approximately \$3,743,289.93. The principal amount due AAVIN Equity was approximately \$1,521,535.21.

(iii) The LK Diversified Unsecured Loan

In connection with its acquisition of the Happy Joe’s assets in 2017, DRA executed a Subordinated Promissory Note, dated October 24, 2017, in favor of LK Diversified in the principal amount of \$1,000,000 (as amended, the “**Seller Note**”). The Seller Note is unsecured, and the maturity date was October 24, 2022. The Seller Note has since been twice amended – on March 1, 2018 and July 1, 2020 – to, among other things, extend the maturity date to March 31, 2023 and modify the interest rate. DRH and HJ Holdings (the “**HJ Guaranty**”) each executed a guaranty, dated as of October 24, 2017, in which they guaranteed the payment and performance of DRA’s obligations under the Seller Note. As of the Petition Date, the balance due to LK Diversified under the Seller Note is approximately \$1,167,356.39.

C. Events Leading to Bankruptcy

While the Debtors have a loyal customer base, they were not immune to the impact of the COVID-19 pandemic, which adversely affected their operations in calendar year 2020 and thereafter. Moreover, in addition to (and included among) the lingering effects of the COVID-19 pandemic, are rising employee and supply costs and significant lease obligations, the combination of which has hampered the Debtors’ ability to continue their operations with their current footprint and otherwise timely pay operating expenses.

In light of the foregoing, the Debtors filed these Subchapter V Cases in an effort to reset and refresh their operations through the implementation of a restructuring business plan that has involved the closing of their Tony Sacco’s company restaurants (again, with no impact on the Franchised Tony Sacco’s Locations) and certain of the Happy Joe’s Debtor-owned restaurants.

The Debtors have moved rapidly in these cases to minimize bankruptcy-related costs while utilizing the benefits of subchapter V to create a path forward as financially stronger and more stable companies.

D. Events During the Subchapter V Cases

1. First and Second-Day Relief

At the outset of the Subchapter V Cases, the Debtors requested certain first-day and second-day relief, which resulted in the Bankruptcy Court entering the following orders:

- *Order Directing Joint Administration of the Debtors' Chapter 11 Cases* [Docket No. 32];
- *Order (I) Authorizing the Debtors to File a Consolidated List of Creditors, and (II) Authorizing the Debtors to File a Consolidated List of the Debtors' 20 Largest Unsecured Creditors* [Docket No. 33];
- *Order Authorizing Retention and Employment of Omni Agent Solutions as Claims and Noticing Agent to the Debtors, Effective as of the Petition Date Pursuant to 28 U.S.C. § 156(c) and Local Rule 2002-1(f)* [Docket No. 49];
- *Final Order (I) Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees and (II) Granting Related Relief* [Docket No. 87];
- *Final Order (I) Authorizing Continued Use of Existing Cash Management System and Bank Accounts and Payment of Related Prepetition Obligations; (II) Extending the Time to Comply with Certain Deposit Requirements; (III) Authorizing Continued Performance of Intercompany Transactions; (IV) Granting Administrative Expense Priority to Postpetition Intercompany Claims; and (V) Granting Related Relief* [Docket No. 88];
- *Final Order (I) Authorizing the Debtors to (A) Pay Certain Prepetition Wages, Benefits and Other Compensation, and (B) Continue Employee Compensation and Employee Benefits Programs, and (II) Granting Related Relief* [Docket No. 89]
- *Final Order Authorizing the Debtors to (I) Honor Gift Cards and (II) Administer Existing Customer Programs in the Ordinary Course Of Business* [Docket No. 90];
- *Final Order (I) Authorizing Debtors' Proposed Form of Adequate Assurance of Payment to Utility Companies, (II) Establishing Procedures for Resolving Objections By Utility Companies, and (III) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Service* [Docket No. 91];
- *Final Order (I) Authorizing the Debtors to (A) Use Cash Collateral and (B) Grant Adequate Protection; (II) Authorizing the Debtors to (A) Obtain Postpetition Financing and Grant Liens and Superpriority Administrative Expense Claims;*

(III) Modifying the Automatic Stay; and (IV) Granting Related Relief [Docket No. 121];

- *Order Pursuant to Bankruptcy Code Section 327(a), Bankruptcy Rules 2014(a) and 2016, and Local Rules 2014-1 and 2016-2, Authorizing Appointment of Omni Agent Solutions as Administrative Agent to the Debtors, Effective as of the Petition Date* [Docket No. 95];
- *Order Authorizing the Employment and Retention of Saul Ewing Arnstein & Lehr LLP as Counsel to the Debtors, Effective as of the Petition Date* [Docket No. 92].

The Debtors have also submitted a status report to apprise the Bankruptcy Court, as well as creditors and parties in interest, of developments in the Subchapter V Cases. *See* Docket No. 66.

2. Rejection Motions

As noted above, as part of their restructuring efforts, the Debtors have closed certain of their restaurant locations and in turn rejected the Unexpired Leases associated with such restaurants pursuant to the *Order Approving Motion of the Debtors for Entry of an Order Authorizing the Rejection of Certain Executory Contracts and Unexpired Leases and the Abandonment of De Minimis Property* [Docket No. 74] entered on September 20, 2022 and the *Order Approving Motion of the Debtors for Entry of an Order Authorizing the Rejection of the Galesburg Lease with Toan Group 8, LLC and the Abandonment of De Minimis Property* [Docket No. 145] entered on October 14, 2022. In addition, pursuant to an order entered October 12, 2022 [D.I. 135], the Debtors rejected certain additional Executory Contracts and Unexpired Leases that the Debtors no longer required.

3. New Master Lease and Master Lease Terminations

In addition to rejecting the Unexpired Leases associated with certain of their unprofitable restaurant locations, the Debtors also negotiated the termination of two master leases with SCF RC Funding I, LLC and SCF RC Funding IV, LLC, respectively, and certain related guaranties. Such terminations were part of a larger negotiation pursuant to which the Debtors sought to terminate their obligations with respect to underperforming restaurant locations and streamline their obligations with respect to their remaining, more profitable locations under a single master lease.

In conjunction with their entry into the termination agreements, DRA also entered into a new master lease with SCF RC Funding IV, LLC pursuant to which DRA leases nonresidential real property consisting of: (i) 2430 Spruce Hills Drive, Bettendorf, Iowa, (ii) 201 W 50th Street, Davenport, Iowa, and (iii) 1616 W. Locust Street, Davenport, Iowa. HJ Dynamic unconditionally and irrevocably guaranteed DRA's obligations under the new master lease.

On October 19, 2022, the Debtors filed a motion for approval of the master lease termination agreements and the new master lease [D.I. 151]; which motion was approved by the Court by order dated November 7, 2022 [D. I. 170].

4. Sale of Assets at Former Galesburg, IL and Kewanee, IL Locations

On October 28, 2022, the Debtors filed a motion to, *inter alia*, approve the sale of certain assets (primarily equipment and inventory) formerly used by the Debtors in their Galesburg, Illinois and Kewanee, Illinois restaurants [D.I. 160]. The purchase price for the Galesburg assets totaled \$56,740.00 and the purchase price for the Kewanee assets totaled \$37,675.00. Such amounts were paid by the buyers (i.e., Leslie's Pizzeria Co. and Leslie Boynton for the Galesburg location and, for the Kewanee location, Fourboysandadaisy Pizzeria LLC and Heather Avery) via execution of promissory notes in favor of DRA. The performance of the obligations under these notes is secured by security interests granted to DRA in the purchased assets. An order granting the motion was entered on November 30, 2022 [D.I. 196].

IV. SUBCHAPTER V PLAN AND CONFIRMATION REQUIREMENTS

The Debtors submit that this Plan: (a) provides the content required by Bankruptcy Code section 1190; and (b) as set forth more fully below, is confirmable under section 1191 because (i) pursuant to the terms of this Plan, Holders of Allowed Claims will receive more than they would in a hypothetical chapter 7 liquidation, (ii) this Plan is "fair and equitable" as required by Bankruptcy Code sections 1129 and 1191(b) (as construed under Bankruptcy Code Section 1191(c)), and (iii) this Plan is feasible since the Debtors will be able to make the Distributions to Holders of Allowed Claims that are contemplated by this Plan.

In sum, the DIP Claim and AAVIN Secured Claim will be assumed and paid in the ordinary course in accordance with the AAVIN Prepetition Credit Documents following the Effective Date as further described in Article V(A). Likewise, the LK Diversified Seller Note Claim will be assumed and paid in the ordinary course following the Effective Date, in accordance with the Seller Note. Any Allowed Other Secured Claims, Administrative Expense Claims, Priority Tax Claims and Priority Non-Tax Claims will be paid or otherwise satisfied in full, and Holders of Allowed General Unsecured Claims will receive a Pro Rata Share of the Unsecured Claim Distribution Amount, in full satisfaction of such Claims. No Distributions will be made on account of Equity Interests and Intercompany Claims; however, all Equity Interests shall remain in place following the Effective Date, and Allowed Intercompany Claims will be Reinstated, cancelled and released, or otherwise addressed at the option of the Reorganized Debtors.

Attached as **Exhibit C** is the projected Disposable Income of the Debtors for the next three years and the underlying assumptions supporting those projections. Disposable income is the total income projected to be received by the Debtors that is not reasonably necessary to be expended for the payment of expenditures necessary for the continuation, preservation, or operation of the businesses of the Debtors.

As the projections reflect, the total amount of the projected Disposable Income available to be paid to creditors over the 3-year period is \$0.00. As indicated above, pursuant to the Plan, the Debtors' primary equity holder, AAVIN, will loan the Debtors the Unsecured Claim Distribution Amount upon the Effective Date as a form of exit financing, in the amount of \$66,000. In consideration for loaning the Unsecured Claim Distribution Amount, the Debtors will provide AAVIN with the release set forth in Article XIII herein. The Debtors shall pay the Unsecured Claim Distribution Amount to Holders of Allowed General Unsecured Claims on a Pro Rata basis

on the Effective Date (defined below) of the Plan or as soon as practicable following the later of the Effective Date or the date on which such Allowed Claim becomes Allowed.

The projections are based on the Debtors' historical and current operations, income, and expenses, combined with reasonable assumptions going forward given the current economic climate and future uncertainties and likelihoods.

The Debtors encourage creditors to vote to accept the Plan. The Plan provides for immediate payment to Holders of Allowed General Unsecured Claims of a definite amount on the Effective Date (or as soon as practicable following the later of the Effective Date or the date on which such Allowed Claim becomes Allowed), whereas other Plan alternatives are speculative and contain inherent risk. For example, if payments to creditors were based on actual net Disposable Income over a three year period, that amount could be lower than the projected net Disposable Income and yield less money to unsecured creditors (or no money at all). Moreover, those payments would be delayed since the Debtors' actual net Disposable Income can only be determined in real time and thus, payments to many creditors would be delayed for years.

A. The Plan Meets the “Best Interest of Creditors” Test and is “Fair and Equitable”

To confirm the Plan, the Court must find that all creditors and Holders of Equity Interests who do not accept the Plan will receive at least as much under the Plan as such Claim and Equity Interest holders would receive in a liquidation under chapter 7 of the Bankruptcy Code. The liquidation analysis attached to this Plan as **Exhibit D** demonstrates that the Plan meets this requirement.

B. Feasibility/Ability to Fund the Plan

As described above, the Debtors propose to pay certain creditors from current available assets as well as by the Unsecured Claim Distribution Amount. Under these circumstances, the Debtors believe the confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors.

V. UNCLASSIFIED CLAIMS

A. Treatment of DIP Claim

On the Effective Date, AAVIN and the Debtors will execute and deliver the AAVIN Amendment, a copy of which is attached to this Plan as **Exhibit A**. Except to the extent that AAVIN agrees to a less favorable treatment with the Debtors or Reorganized Debtors, as applicable, the DIP Claims will be assumed by the Debtors and paid in full by the Reorganized Debtors following the Effective Date in accordance with the AAVIN Prepetition Credit Documents, including the AAVIN Amendment. Until such repayment in full, AAVIN will retain its perfected liens on and in all property of the Debtors in accordance with the AAVIN Prepetition Credit Documents and the Final DIP Financing Order. Notwithstanding anything to the contrary set forth herein, AAVIN shall not be entitled to receive Cash under the Plan in excess of 100% of the Allowed DIP Claim.

B. Treatment of Administrative Expense Claims

Except to the extent that the Holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment with the Debtors or Reorganized Debtors, as applicable, each Holder of an Allowed Administrative Expense Claim will receive in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed Administrative Expense Claim, an amount of Cash equal to the full unpaid amount of such Allowed Administrative Expense Claim either: (a) if the Administrative Expense Claim is Allowed as of the Effective Date, on the Effective Date or as soon as practicable thereafter, or, if not then due, when such Allowed Administrative Expense Claim is due or as soon as reasonably practicable thereafter; (b) if the Administrative Expense Claim is not Allowed as of the Effective Date, no later than fourteen (14) calendar days after the date on which an order of the Bankruptcy Court allowing such Administrative Expense Claim becomes a Final Order, or as soon as reasonably practicable thereafter or, if not then due, when such Allowed Administrative Expense Claim is due or as soon as reasonably practicable thereafter; (c) if the Allowed Administrative Expense Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Expense Claims, without any further action or need to file a request for payment of an Administrative Expense Claim by the Holders of such Allowed Administrative Expense Claims; (d) at such other time that is agreed to by Debtors and the Holders of such Allowed Administrative Expense Claim; or (e) at such other time and on such other terms set forth by an order of the Bankruptcy Court.

All requests for payment of Administrative Expense Claims must be filed and served on Debtors or Reorganized Debtors, as applicable, pursuant to the procedures specified in the Confirmation Order and notice of Consummation, if applicable, no later than the Administrative Expense Claims Bar Date. To the extent Holders of Administrative Expense Claims are required to, but do not, file and serve a request for payment of such Administrative Expense Claims against the Debtors or their property prior to the Administrative Expense Claims Bar Date, such Administrative Expense Claims shall be deemed discharged as of the Effective Date.

Notwithstanding the foregoing, no request for payment of an Administrative Expense Claim need be filed with respect to a previously allowed Administrative Expense Claim, a Claim for fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code, or a Claim for post-petition tax obligations under section 503(b)(1)(D) of the Bankruptcy Code.

Unpaid, Allowed Administrative Expense Claims are projected to be approximately \$5,000.00.

C. Treatment of Professional Fee Claims

All requests for payment of Professional Fee Claims must be filed no later than the Professional Fee Claims Bar Date. Each Allowed Professional Fee Claim shall be paid in full in Cash on the *later* of: (a) three (3) Business Days after the Professional Fee Claim is Allowed; and (b) the date agreed to by the Holder of the Professional Fee Claim and the Debtors or Reorganized Debtors. Each Person seeking an award by the Bankruptcy Court of Professional Fees must file

with the Bankruptcy Court and serve on the Reorganized Debtors and all other notice parties under the Interim Compensation Order its final application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by the Professional Fee Claims Bar Date, which instructions shall be included in the notice of Consummation.

Unpaid, Allowed Professional Fee Claims are projected to be approximately \$267,000.00.

D. Treatment of Priority Tax Claims

Except to the extent that the Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment with the Debtors or Reorganized Debtors, as applicable, each Holder of an Allowed Priority Tax Claim will receive in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed Priority Tax Claim an amount of Cash equal to the full unpaid amount of such Allowed Priority Tax Claim on: (a) the Effective Date; or (b) the first Business Day after the date that is fourteen (14) calendar days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable.

Unpaid, Allowed Priority Tax Claims are projected to be approximately \$700.00.

VI. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. Summary of Treatment of Claims and Equity Interests Classified under the Plan

The following chart provides a summary of the treatment of each Class of Claims and Equity Interests (other than Administrative Expense Claims, Priority Tax Claims and Professional Fee Claims) and an estimate of the recoveries of each Class. The actual amounts of unpaid allowed Claims on the Effective Date and the actual recoveries for each Class of Claims may differ from the estimates set forth in the summary chart below:

Class	Claim or Interest	Status	Voting Rights	Estimated Amount of Unpaid Allowed Claims on Effective Date	Projected Recovery under Plan
1(a)-(d)	AAVIN Secured Claim	Impaired	Entitled to Vote	\$5,5270,641.14	100%
2(a)-(d)	Other Secured Claims	Unimpaired	Deemed to Accept	\$0.00	100%
3(a)-(d)	Priority Non-Tax Claims	Unimpaired	Deemed to Accept	\$0.00	100%
4	LK Diversified Seller Note Claim	Impaired	Entitled to Vote	\$1,166,326.88	100%
5	LK Diversified Guaranty Claim	Impaired	Entitled to Vote	\$1,166,326.88	100%
6(a)-(d)	General Unsecured Claims	Impaired	Entitled to Vote	\$654,000.00	10%

Class	Claim or Interest	Status	Voting Rights	Estimated Amount of Unpaid Allowed Claims on Effective Date	Projected Recovery under Plan
7	Intercompany Claims	Unimpaired / Impaired	Deemed to Accept or Reject	N/A	N/A
8	Equity Interests	Unimpaired	Deemed to Accept	N/A	N/A

B. Classification of Claims and Equity Interests

The below categories of Claims and Equity Interests classify such Claims and Equity Interests for all purposes, including voting, Confirmation, and Distribution pursuant hereto and pursuant to Bankruptcy Code sections 1122 and 1123. As reflected below, this Plan does not contemplate the consolidation of the Debtors for plan Distribution purposes.

C. Treatment of Claims and Equity Interests

1. Class 1 – AAVIN Secured Claims

a. Class 1(a) – AAVIN Secured Claim against HJ Holdings

Classification. Class 1(a) consists of the AAVIN Secured Claim against HJ Holdings.

Treatment. Except to the extent that AAVIN and the Debtors or Reorganized Debtors, as applicable, agree in writing to a different treatment of the Class 1(a) AAVIN Secured Claim, and in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, the Allowed Class 1(a) AAVIN Secured Claim, the Class 1(a) AAVIN Secured Claim will be assumed by the Debtors and paid in full in the ordinary course by the Reorganized Debtors following the Effective Date in accordance with the AAVIN Prepetition Credit Documents. Until such repayment in full, AAVIN will retain its perfected liens and post-petition replacement liens on and in all property of the Debtors in accordance with the AAVIN Prepetition Credit Documents and the Final DIP Financing Order. Notwithstanding anything to the contrary set forth herein, AAVIN shall not be entitled to receive Cash under the Plan in excess of 100% of the Allowed AAVIN Secured Claim.

Voting. Class 1(a) is Impaired because the above-described treatment does not provide for the Debtors' payment of interest at the default rate, as would otherwise be required under the AAVIN Prepetition Credit Documents. As such, AAVIN is entitled to vote to accept or reject the Plan.

b. Class 1(b) – AAVIN Secured Claim against DRA

Classification. Class 1(b) consists of the AAVIN Secured Claim against DRA.

Treatment. Except to the extent that AAVIN and the Debtors or Reorganized Debtors, as applicable, agree in writing to a different treatment of the Class 1(b) AAVIN Secured Claim, and in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, the Allowed Class 1(b) AAVIN Secured Claim, the Class 1(b) AAVIN Secured Claim will be assumed

by the Debtors and paid in full in the ordinary course by the Reorganized Debtors following the Effective Date in accordance with the AAVIN Prepetition Credit Documents. Until such repayment in full, AAVIN will retain its perfected liens and post-petition replacement liens on and in all property of the Debtors in accordance with the AAVIN Prepetition Credit Documents and the Final DIP Financing Order. Notwithstanding anything to the contrary set forth herein, AAVIN shall not be entitled to receive Cash under the Plan in excess of 100% of the Allowed AAVIN Secured Claim.

Voting. Class 1(b) is Impaired because the above-described treatment does not provide for the Debtors' payment of interest at the default rate, as would otherwise be required under the AAVIN Prepetition Credit Documents. As such, AAVIN is entitled to vote to accept or reject the Plan.

c. Class 1(c) – AAVIN Secured Claim against TS Holdings

Classification. Class 1(c) consists of the AAVIN Secured Claim against TS Holdings.

Treatment. Except to the extent that AAVIN and the Debtors or Reorganized Debtors, as applicable, agree in writing to a different treatment of the Class 1(c) AAVIN Secured Claim, and in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, the Allowed Class 1(c) AAVIN Secured Claim, the Class 1(c) AAVIN Secured Claim will be assumed by the Debtors and paid in full in the ordinary course by the Reorganized Debtors following the Effective Date in accordance with the AAVIN Prepetition Credit Documents. Until such repayment in full, AAVIN will retain its perfected liens and post-petition replacement liens on and in all property of the Debtors in accordance with the AAVIN Prepetition Credit Documents and the Final DIP Financing Order. Notwithstanding anything to the contrary set forth herein, AAVIN shall not be entitled to receive Cash under the Plan in excess of 100% of the Allowed AAVIN Secured Claim.

Voting. Class 1(c) is Impaired because the above-described treatment does not provide for the Debtors' payment of interest at the default rate, as would otherwise be required under the AAVIN Prepetition Credit Documents. As such, AAVIN is entitled to vote to accept or reject the Plan.

d. Class 1(d) – AAVIN Secured Claim against TS

Classification. Class 1(d) consists of the AAVIN Secured Claim against TS.

Treatment. Except to the extent that AAVIN and the Debtors or Reorganized Debtors, as applicable, agree in writing to a different treatment of the Class 1(d) AAVIN Secured Claim, and in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, the Allowed Class 1(d) AAVIN Secured Claim, the Class 1(d) AAVIN Secured Claim will be assumed by the Debtors and paid in full in the ordinary course by the Reorganized Debtors following the Effective Date in accordance with the AAVIN Prepetition Credit Documents. Until such repayment in full, AAVIN will retain its perfected liens and post-petition replacement liens on and in all property of the Debtors in accordance with the AAVIN Prepetition Credit Documents and the Final DIP Financing Order. Notwithstanding anything to the contrary set forth herein, AAVIN

shall not be entitled to receive Cash under the Plan in excess of 100% of the Allowed AAVIN Secured Claim.

Voting. Class 1(d) is Impaired because the above-described treatment does not provide for the Debtors' payment of interest at the default rate, as would otherwise be required under the AAVIN Prepetition Credit Documents. As such, AAVIN is entitled to vote to accept or reject the Plan.

2. Class 2 – Other Secured Claims

a. Class 2(a) – Other Secured Claims against HJ Holdings

Classification. Class 2(a) consists of all Other Secured Claims against HJ Holdings.

Treatment. Except to the extent that a Holder of an Allowed Class 2(a) Other Secured Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing to less favorable treatment of its Allowed Class 2(a) Other Secured Claim, each Holder of an Allowed Class 2(a) Other Secured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Class 2(a) Other Secured Claim: (i) payment in full, in Cash, on the later of the Effective Date and the date on which such Class 2(a) Other Secured Claim becomes Allowed; or (ii) the collateral securing such Allowed Class 2(a) Other Secured Claim. Distributions to Holders of Allowed Class 2(a) Other Secured Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class (2)(a) Other Secured Claims on the later of the Effective Date and the date on which such Class 2(a) Other Secured Claim becomes Allowed.

Voting. Class 2(a) is Unimpaired and conclusively deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Class 2(a) Other Secured Claims are thus not entitled to vote to accept or reject the Plan.

b. Class 2(b) – Other Secured Claims against DRA

Classification. Class 2(b) consists of all Other Secured Claims against DRA.

Treatment. Except to the extent that a Holder of an Allowed Class 2(b) Other Secured Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing to less favorable treatment of its Allowed Class 2(b) Other Secured Claim, each Holder of an Allowed Class 2(b) Other Secured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Class 2(b) Other Secured Claim: (i) payment in full, in Cash, on the later of the Effective Date and the date on which such Class 2(b) Other Secured Claim becomes Allowed; (ii) the collateral securing such Allowed Class 2(b) Other Secured Claim; or (iii) the Debtors will reinstate the relevant loan agreement and cure any defaults and the Reorganized Debtors will pay any obligations in full in the ordinary course following the Effective Date in accordance with the relevant prepetition loan documents. Distributions to Holders of Allowed Class 2(b) Other Secured Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class (2)(b) Other Secured Claims on the later of the Effective Date and the date on which such Class 2(b) Other Secured Claim becomes Allowed.

Voting. Class 2(b) is Unimpaired and conclusively deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Class 2(b) Other Secured Claims are thus not entitled to vote to accept or reject the Plan.

c. Class 2(c) – Other Secured Claims against TS Holdings

Classification. Class 2(c) consists of all Other Secured Claims against TS Holdings.

Treatment. Except to the extent that a Holder of an Allowed Class 2(c) Other Secured Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing to less favorable treatment of its Allowed Class 2(c) Other Secured Claim, each Holder of an Allowed Class 2(c) Other Secured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Class 2(b) Other Secured Claim: (i) payment in full, in Cash, on the later of the Effective Date and the date on which such Class 2(c) Other Secured Claim becomes Allowed; or (ii) the collateral securing such Allowed Class 2(c) Other Secured Claim. Distributions to Holders of Allowed Class 2(c) Other Secured Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class (2)(c) Other Secured Claims on the later of the Effective Date and the date on which such Class 2(c) Other Secured Claim becomes Allowed.

Voting. Class 2(c) is Unimpaired and conclusively deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Class 2(c) Other Secured Claims are thus not entitled to vote to accept or reject the Plan.

d. Class 2(d) – Other Secured Claims against TS

Classification. Class 2(d) consists of all Other Secured Claims against TS.

Treatment. Except to the extent that a Holder of an Allowed Class 2(d) Other Secured Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing to less favorable treatment of its Allowed Class 2(d) Other Secured Claim, each Holder of an Allowed Class 2(d) Other Secured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Class 2(d) Other Secured Claim: (i) payment in full, in Cash, on the later of the Effective Date and the date on which such Class 2(d) Other Secured Claim becomes Allowed; or (ii) the collateral securing such Allowed Class 2(d) Other Secured Claim. Distributions to Holders of Allowed Class 2(d) Other Secured Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class (2)(d) Other Secured Claims on the later of the Effective Date and the date on which such Class 2(d) Other Secured Claim becomes Allowed.

Voting. Class 2(d) is Unimpaired and conclusively deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Class 2(d) Other Secured Claims are thus not entitled to vote to accept or reject the Plan.

3. Class 3 – Priority Non-Tax Claims

a. Class 3(a) – Priority Non-Tax Claims against HJ Holdings

Classification. Class 3(a) consists of Priority Non-Tax Claims against HJ Holdings.

Treatment. Except to the extent that a Holder of an Allowed Class 3(a) Priority Non-Tax Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing to less favorable treatment of its Allowed Class 3(a) Priority Non-Tax Claim, each Holder of an Allowed Class 3(a) Priority Non-Tax Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Class 3(a) Priority Non-Tax Claim: (i) payment in full, in Cash, on the later of the Effective Date and the date on which such Class 3(a) Priority Non-Tax Claim becomes Allowed; (ii) payment in full, in Cash, in the ordinary course of business between the Debtors or Reorganized Debtors, as applicable, and the Holder of such Allowed Class 3(a) Priority Non-Tax Claim. Distributions to Holders of Allowed Class 3(a) Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class 3(a) Priority Non-Tax Claims.

Voting. Class 3(a) is Unimpaired and conclusively deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Class 3(a) Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

b. Class 3(b) – Priority Non-Tax Claims against DRA

Classification. Class 3(b) consists of Priority Non-Tax Claims against DRA.

Treatment. Except to the extent that a Holder of an Allowed Class 3(b) Priority Non-Tax Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing to less favorable treatment of its Allowed Class 3(b) Priority Non-Tax Claim, each Holder of an Allowed Class 3(b) Priority Non-Tax Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Class 3(b) Priority Non-Tax Claim: (i) payment in full, in Cash, on the later of the Effective Date and the date on which such Class 3(b) Priority Non-Tax Claim becomes Allowed; (ii) payment in full, in Cash, in the ordinary course of business between the Debtors or Reorganized Debtors, as applicable, and the Holder of such Allowed Class 3(b) Priority Non-Tax Claim. Distributions to Holders of Allowed Class 3(b) Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class 3(b) Priority Non-Tax Claims.

Voting. Class 3(b) is Unimpaired and conclusively deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Class 3(b) Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

c. Class 3(c) – Priority Non-Tax Claims against TS Holdings

Classification. Class 3(c) consists of Priority Non-Tax Claims against TS Holdings.

Treatment. Except to the extent that a Holder of an Allowed Class 3(c) Priority Non-Tax Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing to less favorable treatment of its Allowed Class 3(c) Priority Non-Tax Claim, each Holder of an Allowed Class 3(c) Priority Non-Tax Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Class 3(c) Priority Non-Tax Claim: (i) payment in full, in Cash, on the later of the Effective Date and the date on which such Class 3(c) Priority Non-Tax Claim becomes Allowed; (ii) payment in full, in Cash, in the ordinary course of business between the Debtors or Reorganized Debtors, as applicable, and the Holder of such Allowed Class 3(c) Priority Non-Tax Claim. Distributions to Holders of Allowed Class 3(c) Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class 3(c) Priority Non-Tax Claims.

Voting. Class 3(c) is Unimpaired and conclusively deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Class 3(c) Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

d. Class 3(d) – Priority Non-Tax Claims against TS

Classification. Class 3(d) consists of Priority Non-Tax Claims against TS.

Treatment. Except to the extent that a Holder of an Allowed Class 3(d) Priority Non-Tax Claim and the Debtors or Reorganized Debtors, as applicable, agree in writing to less favorable treatment of its Allowed Class 3(d) Priority Non-Tax Claim, each Holder of an Allowed Class 3(d) Priority Non-Tax Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Class 3(d) Priority Non-Tax Claim: (i) payment in full, in Cash, on the later of the Effective Date and the date on which such Class 3(d) Priority Non-Tax Claim becomes Allowed; (ii) payment in full, in Cash, in the ordinary course of business between the Debtors or Reorganized Debtors, as applicable, and the Holder of such Allowed Class 3(d) Priority Non-Tax Claim. Distributions to Holders of Allowed Class 3(d) Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class 3(d) Priority Non-Tax Claims.

Voting. Class 3(d) is Unimpaired and conclusively deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Class 3(d) Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

4. Class 4 – LK Diversified Seller Note Claim

Classification. Class 4 consists of the LK Diversified Seller Note Claim against DRA.

Treatment. Except to the extent that LK Diversified and the Debtors or Reorganized Debtors, as applicable, agree in writing to a different treatment of the Class 4 LK Diversified Seller Note Claim, and in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, the Allowed LK Diversified Seller Note Claim, the Seller Note will be modified

to extend the maturity date to December 31, 2023, assumed and reinstated by DRA and paid in full in the ordinary course by DRA following the Effective Date in accordance with the Seller Note as modified. Notwithstanding anything to the contrary set forth herein, LK Diversified shall not be entitled to receive Cash under the Plan in excess of 100% of the Allowed LK Diversified Seller Note Claim.

Voting. Class 4 is Impaired (due to extended maturity date set forth above and the calculation of interest at the non-default rate) and is entitled to vote to accept or reject the Plan.

5. Class 5 – LK Diversified Guaranty Claim

Classification. Class 5 consists of the LK Diversified Guaranty Claim against HJ Holdings.

Treatment. Except to the extent that LK Diversified and the Debtors or Reorganized Debtors, as applicable, agree in writing to a different treatment of the Class 5 LK Diversified Guaranty Claim, and in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, the Allowed LK Diversified Guaranty Claim, the HJ Guaranty will be assumed and reinstated by HJ Holdings and honored in the ordinary course by HJ Holdings following the Effective Date in accordance with the HJ Guaranty. Notwithstanding anything to the contrary set forth herein, LK Diversified shall not be entitled to receive Cash under the Plan in excess of 100% of the Allowed LK Diversified Guaranty Claim.

Voting. Class 5 is Impaired (for the same reasons as those set forth in Class 4 above) and is entitled to vote to accept or reject the Plan.

6. Class 6 – General Unsecured Claims

a. Class 6(a) – General Unsecured Claims against HJ Holdings

Classification. Class 6(a) consists of all General Unsecured Claims against HJ Holdings.

Treatment. Except to the extent that a Holder of an Allowed Class 6(a) General Unsecured Claim and the Debtors or Reorganized Debtors, as applicable, agree to less favorable treatment of an Allowed Class 6(a) General Unsecured Claim, each Holder of an Allowed Class 6(a) General Unsecured Claim shall receive, in Cash, a Pro Rata Share of the Unsecured Claim Distribution Amount as soon as reasonably practicable following the later of the Effective Date or the date on which such Allowed Class 6(a) Claim becomes Allowed. Distributions to Holders of Allowed Class 6(a) Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class 6(a) General Unsecured Claims.

Voting. Class 6(a) is Impaired and entitled to vote to accept or reject the Plan.

b. Class 6(b) – General Unsecured Claims against DRA

Classification. Class 6(b) consists of all General Unsecured Claims against DRA.

Treatment. Except to the extent that a Holder of an Allowed Class 6(b) General Unsecured Claim and the Debtors or Reorganized Debtors, as applicable, agree to less favorable treatment of an Allowed Class 6(b) General Unsecured Claim, each Holder of an Allowed Class 6(b) General

Unsecured Claim shall receive, in Cash, a Pro Rata Share of the Unsecured Claim Distribution Amount as soon as reasonably practicable following the later of the Effective Date or the date on which such Allowed Class 6(b) Claim becomes Allowed. Distributions to Holders of Allowed Class 6(b) Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class 6(b) General Unsecured Claims.

Voting. Class 6(b) is Impaired and entitled to vote to accept or reject the Plan.

c. Class 6(c) – General Unsecured Claims against TS Holdings

Classification. Class 6(c) consists of all General Unsecured Claims against TS Holdings.

Treatment. Except to the extent that a Holder of an Allowed Class 6(c) General Unsecured Claim and the Debtors or Reorganized Debtors, as applicable, agree to less favorable treatment of an Allowed Class 6(c) General Unsecured Claim, each Holder of an Allowed Class 6(c) General Unsecured Claim shall receive, in Cash, a Pro Rata Share of the Unsecured Claim Distribution Amount as soon as reasonably practicable following the later of the Effective Date or the date on which such Allowed Class 6(c) Claim becomes Allowed. Distributions to Holders of Allowed Class 6(c) Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class 6(c) General Unsecured Claims.

Voting. Class 6(c) is Impaired and entitled to vote to accept or reject the Plan.

d. Class 6(d) – General Unsecured Claims against TS

Classification. Class 6(d) consists of all General Unsecured Claims against TS.

Treatment. Except to the extent that a Holder of an Allowed Class 6(d) General Unsecured Claim and the Debtors or Reorganized Debtors, as applicable, agree to less favorable treatment of an Allowed Class 6(d) General Unsecured Claim, each Holder of an Allowed Class 6(d) General Unsecured Claim shall receive, in Cash, a Pro Rata Share of the Unsecured Claim Distribution Amount as soon as reasonably practicable following the later of the Effective Date or the date on which such Allowed Class 6(d) Claim becomes Allowed. Distributions to Holders of Allowed Class 6(d) Claims shall be made in full and complete satisfaction, settlement, discharge, and release of the Allowed Class 6(d) General Unsecured Claims.

Voting. Class 6(d) is Impaired and entitled to vote to accept or reject the Plan.

7. Class 7 – Intercompany Claims

Classification. Class 7 consists of all Intercompany Claims.

Treatment. Each Allowed Intercompany Claim shall be Reinstated, contributed, set off, settled, cancelled and released, or otherwise addressed at the option of the Reorganized Debtors; provided that no Distributions shall be made on account of any Intercompany Claims.

Voting. Class 7 is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code or rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Holders of Intercompany Claims are not entitled to vote to accept or reject the Plan.

8. Class 8 – Equity Interests

Classification. Class 8 consists of all Equity Interests in the Debtors.

Treatment. Holders of Equity Interests in the Debtors shall retain such Equity Interests.

Voting. Class 8 is Unimpaired and conclusively deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Equity Interests are not entitled to vote to accept or reject the Plan.

D. Modification of Treatment of Claims

The Debtors reserve the right to modify the treatment of any Allowed Claim in any manner adverse only to the Holder of such Claim at any time after the Effective Date upon the consent of the Holder of the Claim whose Allowed Claim is being adversely affected.

E. Cramdown and No Unfair Discrimination

The Debtors reserve the right to seek Confirmation pursuant to Bankruptcy Code section 1191(b), which allows the Bankruptcy Court to confirm the Plan even if no Impaired Class votes in favor of the Plan so long as the Plan does not unfairly discriminate and is fair and equitable with respect to each class of claims or interests that is impaired under, and has not accepted, the Plan. Colloquially, this mechanism is known as a “cramdown.”

The Bankruptcy Code permits the Plan to bind non-accepting classes of Claims or Equity Interests if it meets all the requirements for consensual confirmation except the requirements of sections 1129(a)(8), 1129(a)(10), or 1129(a)(15) of the Bankruptcy Code, does not “discriminate unfairly,” and is “fair and equitable” toward each Impaired class that has not voted to accept the Plan under the standard of section 1191(c) of the Bankruptcy Code. Creditors and Equity Interest Holders concerned with how the cram down provisions may affect their Claims or Equity Interests should seek independent counsel, as the variations on this general rule are numerous and complex

As set forth above, under Article VI of the Plan, the treatment of Claims and Equity Interests described in this Plan is “fair and equitable,” within the meaning of Bankruptcy Code section 1191(c). Additionally, this Plan does not discriminate unfairly. The proposed treatment of Claims and Equity Interests provides that each Holder of such Allowed Claim or Equity Interest will be treated identically within its respective Class. Thus, this Plan satisfies the standard for cramdown confirmation under Bankruptcy Code section 1191(b).

VII. IMPLEMENTATION AND EXECUTION OF THE PLAN

A. Effective Date Funding – The DIP Claim and the Unsecured Claim Distribution Amount

Upon the Effective Date, as set forth in the AAVIN Amendment, the AAVIN Prepetition Credit Documents shall be amended to provide for the assumption and payment of the DIP Claim, which shall, except as expressly provided herein, be governed by the terms of the AAVIN Prepetition Credit Documents. On the Effective Date, AAVIN shall deposit the Unsecured Claim Distribution Amount into a segregated account in the name of the Reorganized Debtors, which shall be used for the sole purpose of funding Pro Rata Distributions to Holders of Allowed General Unsecured Claims.

Cash payments on and after the Effective Date on account of Allowed Administrative Expense Claims, Allowed Other Secured Claims, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims, and any Cure required under Article VIII(A) of the Plan, shall be funded using the Debtor's Cash, as described below.

The Debtors shall reserve sufficient Cash on the Effective Date to pay all Administrative Expense Claims, Other Secured Claims, Priority Tax Claims, Priority Non-Tax Claims and Cure amounts in the Maximum Amount. All Cash remaining on reserve after all Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims and Cure amounts have been either Disallowed or Allowed and paid in accordance with the Plan will vest in the Reorganized Debtors.

The Reorganized Debtors shall further use Cash to make Distributions to AAVIN and LK Diversified in connection with the Allowed DIP Claim, Allowed AAVIN Secured Claim and Allowed LK Diversified Seller Note Claim, respectively, in the ordinary course as such payments come due pursuant to the terms of the AAVIN Loan and Investment Agreement and Seller Note, as applicable.

B. Effective Date

Within 14 days after the Effective Date, the Debtors shall file a notice of Effective Date, which shall also be posted on the Case Website.

C. Continued Corporate Operations

The Reorganized Debtors will continue to operate with the primary purpose of conducting their restaurant business.

D. Exemption from Certain Taxes and Fees

Pursuant to Bankruptcy Code section 1146(a), the issuance, transfer or exchange of securities under the Plan, or the making or delivery of an instrument of transfer under the Plan, shall not be subject to any stamp tax or similar tax.

E. Vesting of Assets

Except as otherwise expressly provided in the Plan, the Confirmation Order, or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, pursuant to Bankruptcy Code sections 1123(a)(5), 1123(b)(3), 1141(b) and (c), and any other applicable provisions of the Bankruptcy Code, on and after the Effective Date, all property and assets of Debtors' Estates, including all claims, rights, and Causes of Action of the Debtors, and any other assets or property acquired by Debtors during the Subchapter V Cases or under or in connection with the Plan, shall automatically, without the notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, rule or any requirement of further action, vote or other approval or authorization of the security holders, Holders of Equity Interests, members, managers, officers or directors of the Debtors or other applicable Entity or by any other person (except for those expressly required pursuant hereto or by the Plan), vest in the Reorganized Debtors free and clear of all Claims, Liens, charges, and other encumbrances, subject to any Liens, if any, which survive the occurrence of the Effective Date as described in this Plan. On and after the Effective Date, the Reorganized Debtors may operate their respective businesses and use, acquire and dispose of their respective property, without notice to, supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by this Plan or the Confirmation Order.

F. Section 1145 Exemption

To the maximum extent permitted by Bankruptcy Code section 1145 and applicable nonbankruptcy law, the offer or sale of Equity Interests under the Plan is exempt from all federal, state, or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker dealer in such securities and is not deemed to be a public offer of such securities.

G. Corporate Governance

The Reorganized Debtors will continue to be governed by Debtors' management and Board. On the Effective Date, the Debtors' officers will remain officers of the Reorganized Debtors.

VIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**A. Executory Contracts and Unexpired Leases Will Be Deemed Assumed if Not Rejected**

On the Effective Date, all Executory Contracts and Unexpired Leases shall be deemed assumed by the Reorganized Debtors unless (a) previously rejected pursuant to an order of the Bankruptcy Court approving such rejection or (b) subject to a pending motion to reject as of the Confirmation Date. Subject to these exceptions, entry of the Confirmation Order shall constitute approval of the assumption of any and all Executory Contracts and Unexpired Leases under Bankruptcy Code sections 365 and 1123.

Proposed Cure Amounts. The Debtors shall provide separate written notice to each counterparty to an Executory Contract or Unexpired Leases to be assumed under the Plan of the proposed Cure amount (the “**Proposed Cure Amounts**”). Such notice shall be served no later than the date the Debtors solicit voting on the Plan.

Any party objecting to the Proposed Cure Amounts must do so by the Proposed Cure Amount Objection Deadline, which is the later of (i) December 20, 2022, at 4:00 p.m., or (ii) 14 days after service of an assumption/cure notice. Such objections must be filed with the Bankruptcy Court and served on counsel to the Debtors.

Failure to Object to a Proposed Cure Claim Amount. If a non-Debtor party to an assumed Executory Contract or Unexpired Lease does not file and serve an objection to the assumption or Proposed Cure Amount related to such contract or lease on or before the Proposed Cure Amount Objection Deadline in accordance with the procedures set forth herein, the assumed Executory Contract or Unexpired Lease shall be deemed to be assumed effective as of the Effective Date, and the Proposed Cure Amount shall be deemed to be the Allowed amount of the Cure Claim related to such assumed executory contract or unexpired lease.

Resolution of Objection to Proposed Cure Amount. If an objection to a Proposed Cure Amount is filed and served by the Proposed Cure Amount Objection Deadline in accordance with the procedures set forth herein, the Allowed amount of the Cure Claim related to such assumed Executory Contract or Unexpired Lease shall be determined by agreement of the parties to such contract or lease (without any further notice to or action, order, or approval of the Bankruptcy Court) or by subsequent order of the Bankruptcy Court.

Payment of Allowed Cure Claims. Allowed Cure Claims shall be paid in full, in Cash, on or as soon as practicable following the later of the Effective Date and the date on which such Allowed Cure Claims become Allowed.

B. Rejection Claims and the Rejection Claims Bar Date

In the event that rejection of an Executory Contract or Unexpired Lease by any of the Debtors results in damages to a non-Debtor counterparty to such Executory Contract or Unexpired Lease, a Rejection Claim that is not properly filed and served on the Debtors shall not be enforceable against the Debtors, the Reorganized Debtors, or their agents, successors, or assigns.

For the avoidance of doubt, Rejection Claims must be filed by the Rejection Claims Bar Date.

C. Insurance Policies

Notwithstanding anything to the contrary in the Plan and/or the Confirmation Order: (i) nothing in the Plan or the Confirmation Order shall terminate or otherwise reduce coverage under any of Debtors’ insurance policies; (ii) on and after the Effective Date, all of Debtors’ insurance policies shall be deemed to be, and shall be treated as, executory contracts under the Plan and shall be assumed pursuant to Bankruptcy Code sections 105 and 365 by the applicable Debtor and such policies shall vest in the Reorganized Debtors. Nothing in the Plan and/or Confirmation Order shall alter the rights of the Debtors (and their Estates) and the Debtors’

insurers (and third-party claims administrators) under their insurance policies, including any rights of directors and officers to indemnification and/or advancement of defense costs, and nothing in the Plan and/or Confirmation Order modifies the coverage or benefits provided under the Debtors' insurance policies or the terms or conditions thereof or diminishes or impairs the enforceability of the policies.

D. Reservation of Rights

Nothing in the Plan shall constitute an admission by Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Reorganized Debtors have any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors shall have thirty (30) calendar days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided herein.

IX. DISTRIBUTIONS

A. Reorganized Debtors to Make Distributions

Unless ordered otherwise in the Confirmation Order, the Reorganized Debtors shall make all Distributions contemplated by the Plan.

B. Method of Payment; Payments, Filings, and Notices Only on Business Days

Unless otherwise expressly agreed in writing, payments of Cash under the Plan shall be made by a check drawn on a domestic bank or an electronic wire. Whenever any payment, Distribution, filing, delivery, or notice to be made under the Plan is due on a day other than a Business Day, such payment, Distribution, filing, delivery, or notice may instead be made, without interest or penalty, on the immediately following Business Day.

C. Objections to and Resolution of the Claims

The Reorganized Debtors and the SubChapter V Trustee shall file and serve any objection to any Claims, including Administrative Expense Claims, no later than the Claims Objection Deadline, as such Claims Objection Deadline may be extended from time to time upon motion by the Reorganized Debtors in accordance with the terms of this Plan, which motion shall be served on all claimants whose rights are affected by such motion.

D. Disputed Claims

Notwithstanding any other provision of the Plan, no payment or Distribution shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Claim are resolved by Final Order or as otherwise permitted by this Plan. For the avoidance of doubt, the Reorganized Debtors shall have exclusive authority to settle and resolve Disputed Claims on such terms as they deem appropriate without the need for Bankruptcy Court approval.

Except as otherwise provided herein, within the later of (i) seven (7) Business Days after a Disputed Claim becomes an Allowed Claim and (ii) thirty (30) Business Days after the expiration

of the Claims Objection Deadline, the Debtors shall distribute all Cash or other property, including any interest, dividends, or proceeds thereof, to which a Holder of an Allowed Claim is then entitled.

E. Delivery of Distributions

Except as provided herein, Distributions to Holders of Allowed Claims shall be made by written check mailed to the addresses: (a) set forth on the respective Proofs of Claim filed by such Holders; (b) set forth in any written notices of address changes delivered to the Debtors or Reorganized Debtors, as applicable, after the filed date of any related Proof of Claim; or (c) reflected in the Schedules and Statement, or any more recent address that is known to the Debtors, if no Proof of Claim is filed and the Debtors or Reorganized Debtors have not received a written notice of a change of address.

F. Undeliverable or Unclaimed Distributions

If any Distribution to a Holder of any Allowed Claim is returned to the Reorganized Debtors as undeliverable, no further distribution shall be made to such Holder unless and until the Reorganized Debtors are notified in writing of such Holder's then current address, at which time such undelivered distribution shall be made to such Holder within ninety (90) days of receipt of such Holder's then current address or other necessary information; provided that any such undelivered distribution shall be deemed unclaimed property under Bankruptcy Code section 347(b) and revert to the Reorganized Debtors at the expiration of six (6) months from the later of (a) the Effective Date and (b) the date of the initial attempted Distribution. Notwithstanding anything to the contrary contained in the Plan, nothing in this provision shall act as a bar to entry of a Final Decree closing the Subchapter V Cases.

G. Setoff and Recoupment

From and after the Effective Date, the Reorganized Debtors may, to the extent permitted by Bankruptcy Code section 558 or applicable non-bankruptcy law, set off against or recoup from any Claim on which distributions are to be made, any Causes of Action of any nature whatsoever that Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to effect such setoff or recoupment nor the Allowance of any Claim shall constitute a waiver or release of any right of setoff or recoupment, nor any other Cause of Action; provided, further, that the Debtors shall provide notice to the affected claimant of any such setoff or recoupment and the relevant claimant may challenge such setoff or recoupment in Bankruptcy Court or any other court with jurisdiction over the dispute.

H. No Interest

Unless otherwise explicitly provided for in the Plan, the Confirmation Order, or other order of the Bankruptcy Court, or required by applicable bankruptcy or non-bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim.

X. ALLOWANCE OF CLAIMS

A. Estimation of Claims

The Debtors or Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate any Contingent or unliquidated Claim(s) pursuant to Bankruptcy Code section 502(c) irrespective of whether the Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. For the avoidance of doubt, the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. Subject to the provisions of section 502(j) of the Bankruptcy Code, in the event that the Bankruptcy Court estimates any Contingent or unliquidated Claim, the amount so estimated shall constitute either the Allowed amount or the maximum allowable amount of such Claim, as determined by the Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors or Reorganized Debtors, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim.

B. Cumulative

All of the procedures set forth under this Article are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved as provided herein or by a mechanism approved by the Bankruptcy Court.

XI. EFFECT OF PLAN CONFIRMATION

A. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, the Holders of Claims and the Holders of Equity Interests, and their respective successors and assigns.

B. Discharge

The Debtors shall receive a discharge of all debts, as set forth more fully below, arising before the Effective Date; however, the timing of the discharge will depend on whether this Plan is confirmed as a consensual plan or a cramdown plan pursuant to Bankruptcy Code sections 1191(a) or (b), respectively. *See* 11 U.S.C. § 1181(c).

1. Consensual Plan - Discharge under Bankruptcy Code Section 1141(d)

If this Plan is confirmed pursuant to Bankruptcy Code section 1191(a), the Debtors shall receive a discharge to the fullest extent permitted by Bankruptcy Code section 1141(d), except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan. The Confirmation Order shall be a judicial determination of the discharge to the fullest extent permitted by Bankruptcy Code section 1141(d) of all Claims and Equity Interests subject to the occurrence of the Effective Date.

2. Cramdown Plan - Discharge under Bankruptcy Code Section 1192

If this Plan is confirmed as a cramdown plan pursuant to Bankruptcy Code section 1191(b), the Debtors shall receive a discharge to the fullest extent permitted by Bankruptcy Code section 1192, except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, as soon as practicable after completion by the Debtors of all payments due within the first 3 years of the Plan, or such longer period not to exceed 5 years as the Court may fix. At that time, the Court shall grant the Debtors a discharge of all debts provided in section 1141(d)(1)(A) of the Bankruptcy Code, and all other debts allowed under section 503 of the Bankruptcy Code and provided for in the Plan, except for any debt: (i) on which the last payment is due after the first 3 years of the Plan, or such other time not to exceed 5 years fixed by the Court; or (ii) of the kind specified in section 523(a) of the Bankruptcy Code.

C. Retention, Reservation, and Prosecution of Causes of Action

In accordance with Bankruptcy Code section 1123(b) or any corresponding provision of federal or state laws, and except as otherwise provided in the Plan or the Confirmation Order, on and after the Effective Date, all Causes of Action belonging to the Debtors shall be retained by the Debtors, and the Debtors may, in accordance with the Plan, enforce, sue on, settle, waive or compromise (or decline to do any of the foregoing) any or all of such Causes of Action.

Except as otherwise explicitly provided in this Plan, nothing in the Plan shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, account receivable, right of setoff, or other legal or equitable right or defense that the Estate may have or choose to assert on behalf of the Debtors or their Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law. No entity may rely on the absence of a specific reference in the Plan to any Cause of Action or account receivable against it as an indication that the Debtors will not pursue any and all available Causes of Action or accounts receivable, and all such rights to prosecute or pursue any and all Causes of Action or accounts receivable against any entity are expressly reserved for later adjudication and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action or accounts receivable as a consequence of the Confirmation or Consummation of the Plan.

Prior to, on, or after the Effective Date, as applicable, all matters expressly provided for under the Plan that would otherwise require approval of the stockholders, equity security holders, officers, directors, partners, managers, members, or other owners of the Debtors shall be deemed to have occurred and shall be in effect prior to, on, or after the Effective Date, as applicable, pursuant to applicable laws, without any requirement of further vote, consent, approval, authorization, or other action by such stockholders, equity security holders, officers, directors, partners, managers, members, or other owners of the Debtors or notice to, order of, or hearing before the Bankruptcy Court.

D. Certain Tax Consequences.

The confirmation and execution of this Plan may have tax consequences to Holders of Claims and Equity Interests. The Debtors do not offer an opinion as to any federal, state, local or

other tax consequences to Holders of Claims and Equity Interests as a result of the confirmation of this Plan. All Holders of Claims and Equity Interests are urged to consult their own tax advisors with respect to the federal, state, local and foreign tax consequences of this Plan. This Plan is not intended, and should not be construed, as legal or tax advice to any Holders of Claims or Equity Interests or other party in interest.

E. Waiver of Avoidance Actions.

On the Effective Date, the Debtors, on behalf of themselves and their estates, shall release unconditionally, and hereby are deemed to forever release unconditionally all Avoidance Actions.

XII. CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN AND THE EFFECTIVE DATE

A. Conditions Precedent to Confirmation of the Plan

The following are conditions precedent to Confirmation that must be satisfied or waived:

- The Confirmation Order shall be reasonably acceptable in form and substance to the Debtors; and
- The Plan Supplement, to the extent such Plan Supplement is required, and any other exhibits or schedules incorporated as part of the Plan shall be reasonably acceptable in form and substance to the Debtors.

B. Conditions Precedent to the Effective Date

The Plan shall not become effective unless and until the following conditions shall have been satisfied or, solely with respect to item (ii) below, waived:

- Entry of the Confirmation Order;
- The Confirmation Order becomes a Final Order; and
- All documents and agreements necessary to implement the Plan shall have (a) been tendered for delivery, and (b) been effected or executed by all Entities that are parties thereto, or will be deemed executed and delivered by virtue of the effectiveness of the Plan as expressly set forth herein, and all conditions precedent to the effectiveness of such documents and agreements shall have been satisfied or waived pursuant to the terms of such documents or agreements.

C. Waiver of Conditions

The conditions to the Effective Date set forth herein, other than the requirement of entry of the Confirmation Order, may be waived only by consent of Debtors without any notice to other parties in interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan. The failure to satisfy any condition before the Confirmation Date or the Effective Date may be asserted by the Debtors as a reason not to seek Confirmation or

declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by Debtors, in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right shall be deemed an ongoing right, which may be asserted at any time.

D. Effect of Nonoccurrence of Conditions

If the Effective Date does not occur within ninety (90) days following entry of the Confirmation Order: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (c) nothing contained in the Plan shall: (i) constitute a waiver or release of any Claims or Equity Interests; (ii) prejudice in any manner the rights of the Debtors or any other Person or Entity; or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person or Entity.

XIII. INJUNCTION, EXCULPATION, RELEASES, AND RELATED PROVISIONS

A. Exculpation and Limitation of Liability

Except as otherwise specifically provided herein, each of the Exculpated Parties shall not be liable for any Claim, action, proceeding, Cause of Action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment or claim (as defined in section 101(5) of the bankruptcy code), whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise to one another or to any Holder of a Claim or any Equity Interests, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or any of their successors or assigns, for any act or omission originating or occurring on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of the Subchapter V Cases, the negotiation and filing of the Plan or any prior plans, the filing of the Subchapter V Cases, the pursuit of confirmation of the Plan or any prior plans, the consummation of the Plan, or the administration of the Plan or the property to be liquidated and/or distributed under the Plan, except for willful misconduct, gross negligence or fraud as determined by a final order of a court of competent jurisdiction.

B. Releases by the Debtors

1. AAVIN

On the Effective Date, the Debtors (on behalf of themselves and their Estates) and any other person seeking to exercise the derivative rights of the Estates shall release unconditionally, and hereby are deemed to forever release unconditionally, AAVIN and AAVIN's current and former employees, agents, attorneys, financial advisors, officers,

directors, and their affiliates, subsidiaries, predecessors, successors and assigns, and such entities' respective heirs, executors, estates, servants and nominees, in each case, from any and all Claims (including claims under chapter 5 of the bankruptcy code), obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever (other than the right to enforce the performance of their respective obligations, if any, to the Debtors under the Plan, and the contracts, instruments, releases and other agreements delivered under the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, directly or derivatively, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Subchapter V Cases, the Plan or the AAVIN Prepetition Credit Documents; provided, however, that notwithstanding the foregoing, nothing contained herein is intended to or shall operate as a release of any claims for willful misconduct or fraud, as determined by a final order of a court of competent jurisdiction.

2. Other Parties

On the Effective Date, the debtors, on behalf of themselves and their Estates, shall release unconditionally, and hereby are deemed to forever release unconditionally, the Debtors' advisors, consultants and attorneys, all in their respective capacities as such, from any and all Claims, obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever (other than the right to enforce the performance of their respective obligations, if any, under the Plan, and the contracts, instruments, releases and other agreements delivered under the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, directly or derivatively, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Subchapter V Cases, the Plan, the loan and investment agreement or the AAVIN Prepetition Credit Documents; provided, however, that notwithstanding the foregoing, nothing contained herein is intended to or shall operate as a release of any claims for willful misconduct, gross negligence or fraud, as determined by a final order of a court of competent jurisdiction.

C. Plan Injunction

Except as otherwise provided in the Plan or to the extent necessary to enforce the terms and conditions of the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all Claimants and/or entities who have held, hold, or may hold Claims against or Equity Interests in the Debtors shall be permanently enjoined from taking any of the following actions against any property that is to be distributed under the terms of the Plan on account of any such Claims or Equity Interests: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any lien or encumbrance; and (d) asserting a setoff (except to the extent such setoff was duly exercised in the Bankruptcy Court before confirmation of the Plan) or right of subrogation against any debt, liability, or obligation due to Debtors; provided, however, that such entities shall not be precluded from exercising their rights

pursuant to and consistent with the terms of the Plan or the Confirmation Order; provided, further, that the foregoing shall not apply to any acts, omissions, claims, causes of action or other obligations expressly set forth in and preserved by the Plan or any defenses thereto.

XIV. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Subchapter V Cases for, among other things, the following purposes:

- (1) to hear and determine all matters relating to the assumption or rejection of Executory Contracts or Unexpired Leases and the allowance of Cure amounts and Claims resulting therefrom;
- (2) to hear and determine any motion, adversary proceeding, application, contested matter, or other litigated matter pending on or commenced after the Confirmation Date;
- (3) to Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim against or Equity Interest in a Debtor, including the resolution of any request for payment of any Claim or Equity Interest and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims and Equity Interests;
- (4) to ensure that Distributions to Holders of Allowed Claims and Allowed Equity Interests are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes arising from or relating to distributions under the Plan;
- (5) to hear and determine all requests for compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under Bankruptcy Code sections 330 or 503;
- (6) to hear and determine any application to modify the Plan in accordance with Bankruptcy Code section 1127, to remedy any defect or omission or reconcile any inconsistency in the Plan or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- (7) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;
- (8) to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan, the

Confirmation Order or any other order of the Bankruptcy Court, except as otherwise provided herein;

- (9) to issue orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan;
- (10) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (11) to hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- (12) to determine any other matters that may arise in connection with or are related to the Plan, the Confirmation Order, or any other contract, instrument, release or other agreement or document related to the Plan or the Plan Supplement;
- (13) to resolve any disputes concerning whether a Person or Entity had sufficient notice of the Subchapter V Cases, the Bar Date, or the Confirmation Hearing for the purpose of determining whether a Claim or Equity Interest is discharged hereunder, or for any other purpose;
- (14) to enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, exculpations, and rulings entered in connection with the Subchapter V Cases (whether or not the Subchapter V Cases have been closed);
- (15) to hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;
- (16) to hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;
- (17) to enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Subchapter V Cases with respect to any Person;
- (18) to hear any other matter related to the Plan over which the Court has jurisdiction; and
- (19) to enter a Final Decree closing the Subchapter V Cases.

XV. MISCELLANEOUS PROVISIONS

A. Amendment or Modification of the Plan

Consistent with Bankruptcy Code section 1193(a), alterations, amendments, or modifications to the Plan may be made by the Debtors at any time before the Confirmation Date;

provided that the Plan, as altered, amended, or modified, satisfies the conditions of Bankruptcy Code sections 1122 and 1123, with the exception of subsection (a)(8) of section 1123. Consistent with Bankruptcy Code section 1193(b), the Debtors may modify the Plan at any time after Confirmation and before Consummation, provided that the Plan, as modified, meets the requirements of Bankruptcy Code sections 1122 and 1123, with the exception of subsection (a)(8) of section 1123, the circumstances warrant such modifications, and the Court, after notice and a hearing, confirms the plan as modified under section 1191(a) of the Bankruptcy Code. Absent a ruling of the Court to the contrary, a Holder of a Claim that has accepted the Plan shall be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not adversely change the treatment of the Claim of such Holder.

B. Exhibits/Schedules

All exhibits and schedules to the Plan Supplement are incorporated into and part of the Plan as if set forth in full herein.

C. Plan Supplement

Draft forms of certain documents, agreements, instruments, schedules and exhibits specified in the Plan shall, where expressly so provided for in the Plan, be contained in the Plan Supplement filed from time to time. As of the date of this Plan, the Debtors do not anticipate that a Plan Supplement will be needed but reserve the right to file a Plan Supplement to the extent any modifications are made to the exhibits attached to this Plan.

Unless otherwise expressly provided in the Plan, the Debtors may file any Plan Supplement until the earlier of seven (7) days prior to the Plan objection deadline, or the voting deadline. The Debtors shall have the right to make non-substantive amendments of any and all documents contained in, and exhibits to, the Plan Supplement through the Confirmation Date.

D. Additional Documents

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or Reorganized Debtors, as applicable, and all Holders of Claims or Equity Interests receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be reasonably necessary or advisable to effectuate the provisions and intent of the Plan.

E. Governing Law

Except as required by the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules, the rights and obligations arising under the Plan shall be governed by, construed and enforced in accordance with the laws of the State of Delaware.

F. Time

To the extent that any time for the occurrence or happening of an event as set forth in the Plan falls on a day that is not a Business Day, the time for the next occurrence or happening of said event shall be extended to the next Business Day.

G. Severability

Should any provision of the Plan be deemed unenforceable after the Effective Date, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Plan.

H. Revocation

The Debtors reserve the right to revoke and withdraw the Plan prior to the entry of the Confirmation Order. If the Debtors revoke or withdraw the Plan, the Plan shall be deemed null and void, and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors, any other Person, or to prejudice in any manner the rights of such parties in any further proceedings involving the Debtors.

I. Successors and Assigns

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, Affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

J. Claims Agent

The Debtors' Claims and Noticing Agent shall be relieved of such duties on the date of the entry of the Final Decree or upon written notice by the Debtors or Reorganized Debtors, and subject to approval by the Bankruptcy Court.

K. Inconsistency

To the extent that the Plan conflicts with or is inconsistent with any agreement related to the Plan, the provisions of the Plan shall control.

L. Entire Agreement

Except as otherwise indicated, on the Effective Date, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations with respect to the subject matter of the Plan, all of which will have become merged and integrated into the Plan on the Effective Date.

M. No Admissions

Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed an admission by any Entity with respect to any matter set forth herein.

N. Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order and the Plan becomes effective on the Effective Date. None of the filing of the Plan, any statement or provision contained herein, or the taking of any action by the Debtors with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors or Holders of Claims or Equity Interests before the Effective Date.

O. Notices

Any pleading, notice, or other document shall be in writing and, unless otherwise provided herein, shall be served on:

Debtors/Reorganized Debtors

HJ Dynamic Holdings, LLC *et al.*
5239 Grand Avenue
Davenport, IA 52807
Attention: Hollie Matthys, CFO
Email: holliem@happyjoes.com

Counsel for Debtors

Saul Ewing LLP
1201 N. Market Street, Suite 2300
Wilmington, DE 19801
Attention: Mark Minuti and Monique B. DiSabatino
Email: Mark.minuti@saul.com
Monique.disabatino@saul.com

Subchapter V Trustee

Brown McGarry Nimeroff LLC
919 N. Market Street, Suite 420
Wilmington, DE 19801
Attention: Jami B Nimeroff, Esq.
Email: jnimeroff@bmnlawyers.com

United States Trustee

Office of the United States Trustee
for the District of Delaware
844 King Street, Suite 2207 Lockbox 35
Wilmington, DE 19801
Attention: Juliet M. Sarkessian
Email: Juliet.m.sarkessian@usdoj.gov

P. Closing of Debtors' Subchapter V Cases/Caption Change

On or after the occurrence of the Effective Date, the Reorganized Debtors may file a motion pursuant to Local Rule 3022-1(a), seeking a final decree order of the Bankruptcy Court closing the Subchapter V Cases of DRA, TS Holdings and TS, and, pursuant to Local Rule 9004-1(c), amending the case caption accordingly, as of the Effective Date. For the avoidance of doubt, the closing of such cases shall not have any effect, in any manner, on any Causes of Action that may be asserted in accordance with the Plan. The Subchapter V Case of HJ Holdings shall remain open, and any and all recourse for any Claims, Equity Interests or equitable relief with respect to DRA, TS Holdings and TS shall proceed exclusively in the Chapter 11 Case of HJ Holdings in accordance with the Plan and any Final Orders entered in the Chapter 11 Cases. The Debtors' Representative shall seek authority from the Bankruptcy Court, in accordance with the Bankruptcy Code and Bankruptcy Rules, to close the Chapter 11 Case of HJ Holdings once all Cash has been distributed in accordance with this Plan and the Reorganized Debtors determine that such relief is appropriate.

Dated: December 1, 2022

HJ Dynamic Holdings, LLC, *et al.*
Debtors and Debtors-in-Possession

/s/ Thomas A. Sacco

Thomas A. Sacco
President and CEO

Exhibit A

AAVIN Amendment

SIXTH AMENDMENT TO SENIOR SUBORDINATED LOAN AND INVESTMENT AGREEMENT

THIS SIXTH AMENDMENT TO SENIOR SUBORDINATED LOAN AND INVESTMENT AGREEMENT is made and entered into effective as of _____, 2022 (this "Amendment") by and among DYNAMIC RESTAURANT HOLDINGS, LLC, a Delaware limited liability company ("Holdings"), HJ DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("HJ Holdings"), TS DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("TS Holdings"), DYNAMIC RESTAURANT ACQUISITION, INC., a Delaware corporation ("DRA"), DYNAMIC RESTAURANT FRANCHISING, INC., a Delaware corporation ("DRF"), TS DYNAMIC ACQUISITION, INC., a Delaware corporation ("TSDA"), HAPPY JOE'S FRANCHISING, INC., an Iowa corporation ("HJF"), PF RESTAURANT FRANCHISING, INC., a Delaware corporation ("PFRE" and together with Holdings, HJ Holdings, TS Holdings, DRA, DRF, TSDA and HJF, each, a "Borrower" and collectively, the "Borrowers"; and HJ Holdings, TS Holdings, DRA and TSDA, each a "DIP Borrower" and collectively, "DIP Borrowers"), AAVIN MEZZANINE FUND, LP, a Delaware limited partnership ("AAVIN Mezz"), and AAVIN EQUITY PARTNERS II, LP, a Delaware limited partnership ("AAVIN Equity", and together with AAVIN Mezz, each, a "Lender" and collectively, the "Lenders"), and amends and supplements that certain Senior Subordinated Loan and Investment Agreement dated as of October 24, 2017, as amended to date (as so amended, and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among the Borrowers and the Lenders.

RECITALS

- A. Prior to the Petition Date, the Borrowers obtained term loans from the Lenders in an aggregate principal amount of \$4,640,000.00 pursuant to the Loan Agreement.
- B. The Lenders provided the DIP Borrowers a DIP Facility of up to \$600,000.00, on a several basis, of which \$426,600.00 was provided by AAVIN Mezz and \$173,400.00 was provided by AAVIN Equity.
- C. Upon confirmation of the DIP Borrowers' Plan of Reorganization (as defined below), the Borrowers and the Lenders desire for the DIP Facility to be governed by the terms and conditions of the Loan Agreement as amended hereby.

AGREEMENTS

In consideration of the Recitals, the promises and agreements in the Loan Agreement, as amended hereby, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Definitions and References. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Loan Agreement. Upon the fulfillment of the conditions set forth in section 3 below, all references in the Loan Agreement, the Notes, the Transaction Documents and all other agreements, documents and instruments contemplated thereby shall be deemed to refer to the Loan Agreement as amended by this Amendment.
2. Amendments to the Loan Agreement. The Loan Agreement is amended as follows:
 - (a) Section 1.1 of the Loan Agreement is amended by inserting the following defined terms to appear in proper alphabetical order therein:

"Bankruptcy Case" means, collectively, the DIP Borrowers' chapter 11, subchapter V bankruptcy cases pending in the Bankruptcy Court, jointly administered as Case No. 22-10837 (JKS).

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware.

"DIP Borrower" means, individually, HJ Holdings, TS Holdings, DRA or TSDA and "DIP Borrowers" means, collectively, HJ Holdings, TS Holdings, DRA and TSDA.

"DIP Facility" means up to an aggregate of \$600,000.00 multiple draw non-revolving secured term loan provided by the Lenders to the DIP Borrowers as more fully described in the DIP Term Sheet.

"DIP Notes" means (a) the Promissory Note dated September 2, 2022 issued by the DIP Borrowers in the stated principal amount of \$426,600, payable to the order of AAVIN Mezz and (b) the Promissory Note dated September 2, 2022 issued by the DIP Borrowers in the stated principal amount of \$173,400, payable to the order of AAVIN Equity.

"DIP Term Sheet" means the Term Sheet attached hereto as Appendix 2.

"Multi-Draw Loans" is defined in Section 2.1A.

"Multi-Draw Notes" is defined in Section 2.1A.

"Petition Date" means September 2, 2022.

"Plan of Reorganization" means the DIP Borrowers' Subchapter V Plan of Reorganization dated _____, 20__, pending before the Bankruptcy Court in the Bankruptcy Case, as it may be amended, supplemented, or modified from time to time.

"Sixth Amendment" means the Sixth Amendment to Senior Subordinated Loan and Investment Agreement dated as of _____, 2022 by and among the Borrowers and the Lenders.

"Sixth Amendment Effective Date" means the date on which the conditions in Section 3 of the Sixth Amendment are satisfied.

(b) The following defined terms appearing in Section 1.1 of the Loan Agreement are amended and restated in their entirety to read as follows:

"Loans" is defined in Section 2.1, and includes all loans and advances of made by the Lenders under the DIP Facility and all Multi-Draw Loans.

"Notes" is defined in Section 2.1 and includes the DIP Notes (as restated by the Multi-Draw Notes) and the Multi-Draw Notes.

"Principal" means the unpaid principal amount of the Notes (including the Multi-Draw Notes).

(c) Section 2 of the Loan Agreement is amended by inserting the following Section 2.1A to appear immediately after Section 2.1 and immediately before Section 2.2:

2.1A DIP Facility. Subject to the terms, covenants and conditions of this Agreement, (a) on the Sixth Amendment Effective Date, the DIP Facility shall no longer be governed by the DIP Term Sheet, but shall be governed by the terms and conditions of this Agreement and constitute the Multi-Draw Loan facility described in this Section 2.1A; and (b) the Lenders severally (and not jointly) agree to make loans to the Borrowers (each such loan, a "Multi-Draw Loan") from time to time until _____, 202_____ in such amounts as the Borrowers may request from the Lenders; provided that the aggregate amount of the Multi-Draw Loans will not exceed an amount equal to (i) \$600,000, *minus* (ii) the outstanding amount of loans under the DIP Facility on the Sixth Amendment Effective Date, *minus* (iii) the aggregate amount of Multi-Draw Loans previously made by the Lenders to the Borrowers on and after the Sixth Amendment Effective Date. The obligation of each Lender to make Multi-Draw Loans to the Borrowers shall be several, and Multi-Draw Loans shall be evidenced by (1) a Senior Subordinated Note dated the Sixth Amendment Effective Date issued by the Borrowers in the stated principal amount of \$426,600, payable to the order of AAVIN Mezz and (2) a Senior Subordinated Note dated the Sixth Amendment Effective Date issued by the Borrowers in the stated principal amount of \$173,400, payable to the order of AAVIN Equity, each of which shall amend, restate and replace (but not constitute a novation of) such Lender's DIP Note (collectively, the "Multi-Draw Notes"). The Multi-Draw Notes shall be in the form of Appendix 1.2. The Multi-Draw Loans shall be due and payable as set forth in Section 3.1 and shall bear interest as set forth in Section 3.2. The Multi-Draw Loans shall constitute "Loans" under this Agreement, the Multi-Draw Notes shall constitute "Notes" under this Agreement and the outstanding principal balance of the Multi-Draw Notes shall constitute "Principal" under this Agreement. Once repaid, a Multi-Draw Loan may not be remade. The Borrowers shall give written notice the Lenders of each proposed advance of a Multi-Draw Loan not later than 11:00 A.M., Cedar Rapids, Iowa time, at least five (5) Business Days prior to the proposed date of such borrowing. Each such notice shall be effective upon receipt by the Lenders, shall be irrevocable, and shall specify the date and amount of the advance of a Multi-Draw Loan. Not later than 1:00 P.M., Cedar Rapids, Iowa time, on the date of a proposed borrowing, the Lenders shall make their respective Multi-Draw Loan to the Borrowers, so long as the conditions set forth below are satisfied on such date. Each borrowing shall be on a Business Day. Each Multi-Draw Loan shall be in an amount of at least \$10,000, and an integral multiple of \$5,000. The obligation of the Lenders to make each Multi-Draw Loan is subject to the following conditions precedent (which shall be satisfied both before and after giving effect to such Multi-Draw Loan): (x) the representations and warranties of the Borrowers in the Transaction Documents shall be true and correct in all material respects; (y) the Borrower shall be solvent; and (z) no Default or Event of Default shall have then occurred and be continuing.

(d) Appendix 1.2 attached hereto is deemed to be an Appendix to the Loan Agreement.

(e) Appendix 2 attached hereto is deemed to be an Appendix to the Loan Agreement.

3. Conditions to Effectiveness. This Amendment shall be effective upon its due execution by the Borrowers and the Lenders and receipt by the Lenders of:

(a) Multi-Draw Notes in the form of Appendix 1.2 attached hereto, duly executed by each Borrower (the "Multi-Draw Notes");

(b) a certificate of each Borrower, dated as of the date hereof and executed by an officer of such Borrower, which shall (i) certify the resolutions of such Borrower's board of directors, members or managers, as applicable, authorizing the execution, delivery and performance of this Amendment, the Multi-Draw Notes and the other agreements, documents and instruments referred to in this Section 3 or otherwise related to this Amendment (collectively, the "Amendment Documents"), (ii) identify by name and title and bear the signatures of the officers of such Borrower authorized to sign the Amendment Documents and (iii) in the case of all Borrowers contain a statement that the organizational documents of such Borrower previously delivered to the Lender on or about the Closing Date or the Second Amendment Closing Date, as applicable, remain in full force and effect, unamended as of the date hereof;

(c) Notice of confirmation and the occurrence of the "Effective Date" of the DIP Borrower's Plan of Reorganization; and

(d) such other agreements, documents and instruments as the Lenders may reasonably request.

4. Representation and Warranties. The Borrowers jointly and severally represent and warrant to the Lenders that:

(a) each Borrower has full power, authority and legal right to execute, deliver and perform this Amendment, the Multi-Draw Notes and the other Amendment Documents, and the execution, delivery and performance of its obligations under this Amendment, the Multi-Draw Notes and the other Amendment Documents have been duly authorized by all necessary corporate or limited liability company action, as applicable;

(b) this Amendment, the Multi-Draw Notes and the other Amendment Documents have been duly executed and delivered by each Borrower, and constitute the legal, valid and binding obligation of each Borrower, enforceable in accordance with their terms;

(c) the execution and delivery of this Amendment, the Multi-Draw Note and the other Amendment Documents by each Borrower do not violate any term, provision or condition of, or constitute a default under, any loan agreement, mortgage, deed of trust, note, security agreement, pledge agreement or indenture to which any Borrower is a party or by which any of any Borrower's assets are bound;

(d) all of the warranties and representations of the Borrowers contained in the Loan Agreement are true, correct and complete in all material respects on and as of the date hereof to the same extent as though made on and as of the date hereof (except to the extent stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and

(e) no default or Event of Default is in existence.

5. No Waiver. Each Borrower agrees that nothing contained herein shall be construed by any Borrower as a waiver by any Lender of each Borrower's compliance with each representation, warranty and covenant contained in the Loan Agreement and that no waiver of any provision of the Loan Agreement, as amended hereby, has occurred. Each Borrower further agrees that nothing contained herein

shall impair the right of any Lender to require strict performance by each Borrower of the Loan Agreement, as amended hereby, or any other Transaction Document.

6. Additional Provisions.

(a) Expenses. The Borrowers agree to pay promptly all reasonable out-of-pocket expenses (including reasonable attorneys' fees) incurred by the Lenders in connection with the negotiation, preparation and delivery of this Amendment, the Multi-Draw Notes and the other Amendment Documents.

(b) Amendments and Waivers. This Amendment may not be changed or amended orally, and no waiver hereunder may be oral, but any change or amendment hereto or any waiver hereunder must be in writing and signed by the party or parties against whom such change, amendment or waiver is sought to be enforced.

(c) Headings. The headings in this Amendment are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Amendment.

(d) Incorporation by Reference. Section 12.10 of the Loan Agreement is incorporated herein by this reference as if set forth herein in its entirety.

7. Affirmation. Each party hereto affirms and acknowledges that the Loan Agreement (including, without limitation, the Cross-Guaranty set forth in Section 12.17 of the Loan Agreement) and the other Transaction Documents remains in full force and effect in accordance with their respective terms. Without limiting the generality of the foregoing, the Borrowers acknowledge and agree that as of the Sixth Amendment Effective Date the obligations, liabilities and indebtedness under the DIP Facility, the Multi-Draw Loans, the Principal amount of the Multi-Draw Notes and all accrued and unpaid interest thereon shall constitute Collateral and be secured by the Security Agreement and the Pledge Agreements and otherwise constitute "Obligations" as defined in the Security Agreement and "Obligations" as defined in the Pledge Agreements.

8. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail shall be effective as delivery of a manually executed counterpart to this Amendment.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, each of the undersigned has caused this Sixth Amendment to Senior Subordinated Loan and Investment Agreement to be executed as of the date first above written.

BORROWERS:

DYNAMIC RESTAURANT HOLDINGS, LLC

By: _____
Thomas Sacco, President

HJ DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: _____
Thomas Sacco, President

TS DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: _____
Thomas Sacco, President

DYNAMIC RESTAURANT FRANCHISING, INC.

By: _____
Thomas Sacco, President

DYNAMIC RESTAURANT ACQUISITION, INC.

By: _____
Thomas Sacco, President

TS DYNAMIC ACQUISITION, INC.

By: _____
Thomas Sacco, President

HAPPY JOE'S FRANCHISING, INC.

By: _____
Thomas Sacco, President

PF RESTAURANT FRANCHISING, INC.

By: _____
Thomas Sacco, President

IN WITNESS WHEREOF, each of the undersigned has caused this Sixth Amendment to Senior Subordinated Loan and Investment Agreement to be executed as of the date first above written.

LENDERS:

AAVIN MEZZANINE FUND, LP

By: AAVIN MEZZANINE, LLC,
its General Partner

By: _____
James D. Thorp, Member

AAVIN EQUITY PARTNERS II, LP

By: AAVIN II, LLC, its General Partner

By: _____
James D. Thorp, Member

APPENDIX 1.2

FORM OF MULTI-DRAW NOTE

THE SECURITY REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS (THE "SECURITIES ACTS"), AND IS NOT TRANSFERABLE, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACTS AND THE PROVISIONS OF SECTION 10 OF THE SUBORDINATED LOAN AGREEMENT (AS DEFINED BELOW). A COPY OF SUCH SECTION OF THE SUBORDINATED LOAN AGREEMENT WILL BE FURNISHED BY THE BORROWERS TO THE HOLDER HEREOF UPON WRITTEN REQUEST THEREFOR BY THE HOLDER.

THE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN SUBORDINATION AND INTERCREDITOR AGREEMENT DATED AS OF OCTOBER 24, 2017, AMONG LENDERS (AS DEFINED IN THE SUBORDINATED LOAN AGREEMENT DEFINED BELOW), BORROWERS (AS DEFINED BELOW) AND SENIOR LENDER (AS DEFINED THEREIN), AS AMENDED FROM TIME TO TIME (AS AMENDED, RESTATED, MODIFIED OR SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME, THE "SUBORDINATION AGREEMENT"), TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY BORROWERS TO SENIOR LENDER PURSUANT TO THAT CERTAIN CREDIT AGREEMENT DATED AS OF OCTOBER 24, 2017, BY AND AMONG BORROWERS AND SENIOR LENDER, AS AMENDED AND AS MAY BE FURTHER AMENDED, RESTATED, MODIFIED OR SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME; AND EACH HOLDER HEREOF, BY ITS ACCEPTANCE HEREOF, SHALL BE BOUND BY THE PROVISIONS OF SUCH SUBORDINATION AGREEMENT AS IN EFFECT FROM TIME TO TIME.

DYNAMIC RESTAURANT HOLDINGS, LLC
HJ DYNAMIC HOLDINGS, LLC
TS DYNAMIC HOLDINGS, LLC
DYNAMIC RESTAURANT ACQUISITION, INC.
DYNAMIC RESTAURANT FRANCHISING, INC.
TS DYNAMIC ACQUISITION, INC.
HAPPY JOE'S FRANCHISING, INC.
PF RESTAURANT FRANCHISING, INC.

SENIOR SUBORDINATED NOTE
DUE DECEMBER 31, 2025

\$ _____, 2022
Cedar Rapids, Iowa

FOR VALUE RECEIVED, DYNAMIC RESTAURANT HOLDINGS, LLC, a Delaware limited liability company ("Holdings"), HJ DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("HJ Holdings"), TS DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("TS Holdings"), DYNAMIC RESTAURANT ACQUISITION, INC., a Delaware corporation ("DRA"), DYNAMIC RESTAURANT FRANCHISING, INC., a Delaware corporation ("DRF"), TS DYNAMIC ACQUISITION, INC., a Delaware corporation ("TSDA"), HAPPY JOE'S FRANCHISING, INC., an Iowa corporation ("HJF"), and PF RESTAURANT FRANCHISING, INC., a Delaware corporation ("PFRE" and, collectively with Holdings, HJ Holdings, TS Holdings, DRA, DRF, TSDA and HJF, each, a "Borrower" and collectively the "Borrowers"), jointly and severally, promise to pay to the order of AAVIN MEZZANINE FUND, LP, a Delaware limited partnership (the "Holder"), the principal sum of

_____ AND _____/100 DOLLARS (\$ _____), which amount shall be due and payable to the Holder as provided in the Senior Subordinated Loan and Investment Agreement dated as of October 24, 2017, by and among the Borrowers, the Holder and the other Lenders (as defined therein), as amended to date (as so amended and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Subordinated Loan Agreement").

Interest accruing from the date hereof on the unpaid principal amount of this Note from time to time outstanding shall be payable at the rates specified in Section 3.2 of the Subordinated Loan Agreement.

Subject to the provisions of the Subordinated Loan Agreement, all accrued and unpaid interest hereon shall be due and payable on each Monthly Payment Date beginning on the Monthly Payment Date on _____, 2022. In addition, all accrued and unpaid interest hereon shall be due and payable upon the payment in full of the outstanding principal balance of this Note and thereafter on demand.

Subject to the provisions of the Subordinated Loan Agreement, payments of both principal and interest shall be made by check delivered to the Holder at the address set forth in the Subordinated Loan Agreement, by electronic funds transfer or by wire transfer of immediately available funds to the account of the Holder at Cedar Rapids Bank and Trust Company, Account Number: 4610279040, ABA Number: 073922801, Account Name "AAVIN Mezzanine Fund, LP" (or at any other payment office in the United States previously designated to the Borrowers by the Holder of this Note in writing), in lawful money of the United States of America in funds immediately available at such payment office.

This Note is one of the Multi-Draw Notes referred to in, and is entitled to the benefits of, the Subordinated Loan Agreement, which agreement, among other things, contains provisions for acceleration of the maturity hereof upon the occurrence of certain stated events and also for prepayments, in certain circumstances, of the principal hereof and interest prior to maturity upon the terms and conditions specified therein.

Except as otherwise expressly provided in the Subordinated Loan Agreement, the Borrowers waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Subordinated Loan Agreement. In any action on this Note, the Holder or its assignee need not produce or file the original of this Note, but need only file a photocopy of this Note certified by the Holder or such assignee to be a true and correct copy of this Note.

This Note amends, restates and replaces the Promissory Note dated September 2, 2022, issued by certain of the undersigned in the principal amount of \$426,600.00, payable to the order of the Holder, and the undersigned acknowledge that the indebtedness evidenced thereby has not been repaid or extinguished and that no novation has occurred.

All capitalized terms used in this Note which are defined in the Subordinated Loan Agreement shall have the meanings assigned to them in the Subordinated Loan Agreement.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Borrowers have executed this Senior Subordinated Note as of the date first written above.

DYNAMIC RESTAURANT HOLDINGS, LLC

By: _____
Thomas Sacco, President

HJ DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: _____
Thomas Sacco, President

TS DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: _____
Thomas Sacco, President

DYNAMIC RESTAURANT FRANCHISING, INC.

By: _____
Thomas Sacco, President

DYNAMIC RESTAURANT ACQUISITION, INC.

By: _____
Thomas Sacco, President

TS DYNAMIC ACQUISITION, INC.

By: _____
Thomas Sacco, President

HAPPY JOE'S FRANCHISING, INC.

By: _____
Thomas Sacco, President

PF RESTAURANT FRANCHISING, INC.

By: _____
Thomas Sacco, President

THE SECURITY REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS (THE "SECURITIES ACTS"), AND IS NOT TRANSFERABLE, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACTS AND THE PROVISIONS OF SECTION 10 OF THE SUBORDINATED LOAN AGREEMENT (AS DEFINED BELOW). A COPY OF SUCH SECTION OF THE SUBORDINATED LOAN AGREEMENT WILL BE FURNISHED BY THE BORROWERS TO THE HOLDER HEREOF UPON WRITTEN REQUEST THEREFOR BY THE HOLDER.

THE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN SUBORDINATION AND INTERCREDITOR AGREEMENT DATED AS OF OCTOBER 24, 2017, AMONG LENDERS (AS DEFINED IN THE SUBORDINATED LOAN AGREEMENT DEFINED BELOW), BORROWERS (AS DEFINED BELOW) AND SENIOR LENDER (AS DEFINED THEREIN), AS AMENDED FROM TIME TO TIME (AS AMENDED, RESTATED, MODIFIED OR SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME, THE "SUBORDINATION AGREEMENT"), TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY BORROWERS TO SENIOR LENDER PURSUANT TO THAT CERTAIN CREDIT AGREEMENT DATED AS OF OCTOBER 24, 2017, BY AND AMONG BORROWERS AND SENIOR LENDER, AS AMENDED AND AS MAY BE FURTHER AMENDED, RESTATED, MODIFIED OR SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME; AND EACH HOLDER HEREOF, BY ITS ACCEPTANCE HEREOF, SHALL BE BOUND BY THE PROVISIONS OF SUCH SUBORDINATION AGREEMENT AS IN EFFECT FROM TIME TO TIME.

DYNAMIC RESTAURANT HOLDINGS, LLC
 HJ DYNAMIC HOLDINGS, LLC
 TS DYNAMIC HOLDINGS, LLC
 DYNAMIC RESTAURANT ACQUISITION, INC.
 DYNAMIC RESTAURANT FRANCHISING, INC.
 TS DYNAMIC ACQUISITION, INC.
 HAPPY JOE'S FRANCHISING, INC.
 PF RESTAURANT FRANCHISING, INC.

SENIOR SUBORDINATED NOTE
 DUE DECEMBER 31, 2025

\$ _____, 2022
 Cedar Rapids, Iowa

FOR VALUE RECEIVED, DYNAMIC RESTAURANT HOLDINGS, LLC, a Delaware limited liability company ("Holdings"), HJ DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("HJ Holdings"), TS DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("TS Holdings"), DYNAMIC RESTAURANT ACQUISITION, INC., a Delaware corporation ("DRA"), DYNAMIC RESTAURANT FRANCHISING, INC., a Delaware corporation ("DRF"), TS DYNAMIC ACQUISITION, INC., a Delaware corporation ("TSDA"), HAPPY JOE'S FRANCHISING, INC., an Iowa corporation ("HJF"), and PF RESTAURANT FRANCHISING, INC., a Delaware corporation ("PFRE" and, collectively with Holdings, HJ Holdings, TS Holdings, DRA, DRF, TSDA and HJF, each, a "Borrower" and collectively the "Borrowers"), jointly and severally, promise to pay to the order of AAVIN EQUITY PARTNERS II, LP, a Delaware limited partnership (the "Holder"), the principal sum of _____ AND _____/100 DOLLARS (\$ _____), which amount shall be due and payable to the Holder as provided in the Senior Subordinated Loan and Investment Agreement dated as of October 24, 2017, by and among the Borrowers, the Holder and the other Lenders

(as defined therein), as amended to date (as so amended and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Subordinated Loan Agreement").

Interest accruing from the date hereof on the unpaid principal amount of this Note from time to time outstanding shall be payable at the rates specified in Section 3.2 of the Subordinated Loan Agreement.

Subject to the provisions of the Subordinated Loan Agreement, all accrued and unpaid interest hereon shall be due and payable on each Monthly Payment Date beginning on the Monthly Payment Date on _____, 2022. In addition, all accrued and unpaid interest hereon shall be due and payable upon the payment in full of the outstanding principal balance of this Note and thereafter on demand.

Subject to the provisions of the Subordinated Loan Agreement, payments of both principal and interest shall be made by check delivered to the Holder at the address set forth in the Subordinated Loan Agreement, by electronic funds transfer or by wire transfer of immediately available funds to the account of the Holder at Cedar Rapids Bank and Trust Company, Account Number: 4610279030, ABA Number: 073922801, Account Name "AAVIN Equity Partners II, LP" (or at any other payment office in the United States previously designated to the Borrowers by the Holder of this Note in writing), in lawful money of the United States of America in funds immediately available at such payment office.

This Note is one of the Multi-Draw Notes referred to in, and is entitled to the benefits of, the Subordinated Loan Agreement, which agreement, among other things, contains provisions for acceleration of the maturity hereof upon the occurrence of certain stated events and also for prepayments, in certain circumstances, of the principal hereof and interest prior to maturity upon the terms and conditions specified therein.

Except as otherwise expressly provided in the Subordinated Loan Agreement, the Borrowers waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Subordinated Loan Agreement. In any action on this Note, the Holder or its assignee need not produce or file the original of this Note, but need only file a photocopy of this Note certified by the Holder or such assignee to be a true and correct copy of this Note.

This Note amends, restates and replaces the Promissory Note dated September 2, 2022, issued by certain of the undersigned in the principal amount of \$173,400.00, payable to the order of the Holder, and the undersigned acknowledge that the indebtedness evidenced thereby has not been repaid or extinguished and that no novation has occurred.

All capitalized terms used in this Note which are defined in the Subordinated Loan Agreement shall have the meanings assigned to them in the Subordinated Loan Agreement.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Borrowers have executed this Senior Subordinated Note as of the date first written above.

DYNAMIC RESTAURANT HOLDINGS, LLC

By: _____
Thomas Sacco, President

HJ DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: _____
Thomas Sacco, President

TS DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: _____
Thomas Sacco, President

DYNAMIC RESTAURANT FRANCHISING, INC.

By: _____
Thomas Sacco, President

DYNAMIC RESTAURANT ACQUISITION, INC.

By: _____
Thomas Sacco, President

TS DYNAMIC ACQUISITION, INC.

By: _____
Thomas Sacco, President

HAPPY JOE'S FRANCHISING, INC.

By: _____
Thomas Sacco, President

PF RESTAURANT FRANCHISING, INC.

By: _____
Thomas Sacco, President

APPENDIX 2

DIP TERM SHEET

See attached.

**TERM SHEET FOR PROPOSED SECURED SUPERPRIORITY DEBTOR IN POSSESSION
LOAN FACILITY TO
HJ DYMANIC HOLDINGS, LLC
DYNAMIC RESTAURANT ACQUISITION, INC.
TS DYNAMIC HOLDINGS, LLC
TS DYNAMIC ACQUISITION, INC.**

Upon the full execution of this Term Sheet, the terms and conditions set forth herein shall become binding upon AAVIN Mezzanine Fund, LP, a Delaware limited partnership ("AAVIN Mezz"), and AAVIN Equity Partners II, LP, a Delaware limited partnership ("AAVIN Equity" and together with AAVIN Mezz, each, a "DIP Lender" and collectively, "DIP Lenders"), HJ Dynamic Holdings, LLC, a Delaware limited liability company ("HJ Dynamic"), Dynamic Restaurant Acquisition, Inc., a Delaware corporation ("Dynamic Restaurant"), TS Dynamic Holdings, LLC, a Delaware limited liability company ("TS Dynamic"), and TS Dynamic Acquisition, Inc., a Delaware corporation ("TSDA" and together with HJ Dynamic, Dynamic Restaurant and TS Dynamic, each, a "Borrower" and collectively, "Borrowers"), subject to Bankruptcy Court (as defined below) approval and certain other terms and conditions, as expressly set forth below. This Term Sheet reflects the terms for a secured debtor-in-possession credit facility to be provided by DIP Lenders to Borrowers in connection with Borrowers' anticipated voluntary bankruptcy cases (the "Bankruptcy Cases") filed under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code").

BORROWERS: HJ Dynamic, Dynamic Restaurant, TS Dynamic and TSDA

DIP LENDERS: AAVIN Mezz and AAVIN Equity

PREPETITION LENDERS:

(a) Fortress Bank ("Fortress") as lender in connection with the \$500,000.00 revolving credit facility provided by Fortress to Borrowers and certain affiliates of Borrowers pursuant to the Credit Agreement dated as of October 24, 2017, as amended to date (the "Fortress Credit Agreement"), by and among Borrowers, certain affiliates of Borrowers and Fortress and the other Loan Documents (as defined in the Fortress Credit Agreement).

(b) AAVIN Mezz and AAVIN Equity as lenders (the "Prepetition Lenders" and together with Fortress, the "Prepetition Secured Parties") in connection with senior subordinated term loans made by Prepetition Lenders to Borrowers and certain affiliates of Borrowers pursuant to the Senior Subordinated Loan and Investment Agreement dated as of October 24, 2017, as amended to date (the "AAVIN Loan Agreement"), by and among Borrowers, certain affiliates of Borrowers and Prepetition Lenders and the other Transaction Documents (as defined in the AAVIN Loan Agreement). The Fortress Credit Agreement the other Loan Documents (as defined in the Fortress Credit Agreement), the AAVIN Loan Agreement and the Transaction Documents (as defined in the AAVIN Loan Agreement are referred to herein as the "Prepetition Credit Documents")

BANKRUPTCY FILING Borrowers anticipate filing the Bankruptcy Cases in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") pursuant to Subchapter V of Chapter 11 of the Bankruptcy Code. Upon

commencement of the Bankruptcy Cases (the "Petition Date"), Borrowers will file a motion to approve the DIP Facility (as defined below), on interim and final bases, in accordance with Section 364 of the Bankruptcy Code, which motion and orders shall be in forms reasonably acceptable to DIP Lenders and Borrowers.

DIP FACILITY:

Up to an aggregate of \$600,000.00 (the "Commitment Amount") multiple draw non-revolving secured term loan (the "DIP Facility"), which shall be available from the Closing Date (as defined below) (i) in an amount not to exceed \$100,000.00 (the "Interim Subfacility") upon entry of the interim order of the Bankruptcy Court approving the DIP Facility (as defined below) on an interim basis (the "Interim DIP Order") and (ii) in an amount not to exceed the Commitment Amount *minus* any loans made under the Interim Subfacility (such loans, the "Interim Loans") following entry of the final order of the Bankruptcy Court approving the DIP Facility (the "Final Order"). The obligations of each DIP Lender to make its Commitment Amount available to Borrowers is several (and not joint and several). AAVIN Mezz's Commitment Amount is \$426,600.00 and AAVIN Equity's Commitment Amount is \$173,400.00. The DIP Facility and the draws thereunder (such draws, inclusive of the Interim Loans, the "Loans") shall be (i) a secured, super-priority debtor-in-possession credit facility and (ii) subject to the terms of this Term Sheet. The Loans shall become due and payable as set forth herein.

USE OF FUNDS:

The Loans made under the DIP Facility shall be used in accordance with the budget that has been agreed to between Borrowers and DIP Lenders (the "Approved Budget") in the form attached to the Interim DIP Order. The Loans made under the DIP Facility shall be used to fund operations of Borrowers, costs of the administration of the Bankruptcy Cases and for other purposes set forth in the Approved Budget.

No portion of the DIP Facility, the Loans thereunder, the Carve-Out (as defined below) or any cash collateral of the Prepetition Lenders or the DIP Lenders shall be used to assert any claim, cause of action or objection against DIP Lenders or Prepetition Lenders, or their respective advisors, agents and subagents, including, without limitation, to challenge any claim or lien of Prepetition Lenders or the priority, validity or enforceability of the Prepetition Credit Documents, and/or challenging any prepetition payment or transfer to Prepetition Lenders.

MATURITY:

The earliest of (i) six months after the Petition Date, assuming the Final Order has been entered as provided herein; (ii) the date that an Event of Default occurs and has not been cured (if any cure period is provided); or (iii) the effective date of a plan of reorganization or liquidation in the Bankruptcy Cases (the first of such date, the "Maturity Date").

AMORTIZATION:

All principal, together with all accrued and unpaid interest is due and payable in full on the Maturity Date.

INTEREST RATE: Four percent (4.00%) per annum (the "Interest Rate"), calculated on the basis of the 360-day year for the actual number of days elapsed in each month. Interest shall be payable monthly on the last business day of each month and on the Maturity Date.

Upon the occurrence and during the continuance of any Event of Default, interest will accrue on the aggregate amount of all outstanding Loans at a rate of 6.00% per annum (the "Default Rate") instead of the Interest Rate.

NO FEES: There shall be no borrowing fees due from Borrowers in consideration of the DIP Facility.

**STATUS OF
OBLIGATIONS;
PERFECTION AND
PRIORITY OF
SECURITY
INTERESTS:**

(a) Superpriority Claims. The DIP Facility, the Loans thereunder, all accrued and unpaid interest thereon and all other amounts owing to DIP Lenders under the DIP Facility (collectively, the "Obligations") are, subject to the Carve-Out, the Interim DIP Order and the Final Order, pursuant to Section 364(c)(1) of the Bankruptcy Code, entitled (without the need to file a proof of claim) to a joint and several superpriority claim against Borrowers, with priority over any and all other obligations, liabilities, and indebtedness against Borrowers, now existing or hereafter arising, of any kind whatsoever, but excluding avoidance actions under Chapter 5 of the Bankruptcy Code and the proceeds thereof (the "Avoidance Actions"), and including any and all administrative expenses or other claims of the kind specified in or arising under Sections 105, 326, 328, 330, 331, 503(b), 506(c) (following entry of the Final Order), 507, 546(c), 552(b), 726, 1113, or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy, or attachment, whether now in existence or hereafter incurred by Borrowers, and shall at all times be senior to the rights of Borrowers, each Borrower's estate and any successor trustee, estate representative, or any creditor, in the Bankruptcy Cases or any subsequent cases or proceedings under the Bankruptcy Code (the "DIP Lender Superpriority Claim"), and the DIP Lender Superpriority Claim shall, subject to the Carve-Out, have recourse to and be payable from all prepetition and postpetition assets of Borrowers, including, but not limited to, collectively, all real, personal, and mixed property (including equity interests) of Borrowers' respective estates in the Bankruptcy Cases, including, without limitation, all inventory, accounts receivable, general intangibles, goods, contracts, chattel paper (whether electronic or tangible), owned real estate, real property leaseholds, governmental approvals, licenses and permits, fixtures, machinery, equipment, deposit accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, securities, partnership interests, membership interests in limited liability companies, and capital stock of any subsidiary of any Borrower, investment property, letters of credit, letters of credit rights, notes, promissory notes, instruments, documents, payment intangibles, financial assets and supporting obligations, and including, without limitation, the products and

- proceeds thereof (including insurance proceeds (collectively, the "DIP Collateral").
- (b) Lien on Unencumbered Assets. The Obligations are, subject to the Carve-Out, the Interim DIP Order and the Final Order, pursuant to Section 364(c)(2) of the Bankruptcy Code, secured by a perfected first priority lien on all DIP Collateral that is not subject to valid, perfected, and non-avoidable liens as of the Petition Date and such liens shall be perfected as of the Petition Date without the necessity of the execution or filing of mortgages, security agreements, pledge agreements, financing statements, or other agreements.
- (c) Junior Lien on All Encumbered Assets. The Obligations are, subject to the Carve-Out, the Interim DIP Order and the Final Order, pursuant to Section 364(c)(3) of the Bankruptcy Code, secured by a perfected lien on all Collateral effective as of the Petition Date, which liens are junior (other than as described in subsection (b) above) to (i) any valid, perfected and unavoidable lien in favor of a third party that existed as of the Petition Date, if any; (ii) the valid, perfected, and non-avoidable liens which were granted to Prepetition Secured Parties (the "Prepetition Liens") in the collateral described in the Prepetition Credit Documents (the "Prepetition Collateral") as security for the obligations under or in connection with the Prepetition Credit Documents (the "Prepetition Obligations") and are perfected without the necessity of the execution or filing of mortgages, security agreements, pledge agreements, financing statements, or other agreements.
- (d) All of the liens and security interests described in subsections (b) and (c) above (the "DIP Liens") shall be, subject to entry of the Interim DIP Order and the Final DIP Order, effective and perfected as of the Petition Date, without the necessity of the execution or recording of mortgages, security agreements, pledge agreements, financing statements, or other agreements or documents. DIP Lenders shall be authorized but not required to file the Interim DIP Order and/or the Final DIP Order with any appropriate recording agency to evidence the validity, priority and perfection of the DIP Liens. Upon request by DIP Lenders, Borrowers shall execute and deliver to DIP Lenders (for recordation or filing, as appropriate) such mortgages and pledges (and other security instruments), and be authorized pursuant to the Interim DIP Order and the Final Order to file such financing statements and other instruments and documents, as shall be advisable (as reasonably determined by DIP Lenders) to evidence and secure the Obligations.

**OTHER
PROTECTIONS:**

Subject to entry of the Final DIP Order, each Borrower waives (i) its right to surcharge DIP Lenders' collateral and the Prepetition Lenders' collateral under Sections 506(c) and 552 of the Bankruptcy Code and (ii) equitable doctrine of "marshalling" or similar doctrine with respect to the Prepetition Collateral and DIP Collateral.

DIP Lenders shall have the right to credit bid the amounts due under the DIP Facility under Section 363(k) of the Bankruptcy Code in any sale of any Borrower's assets under Sections 363 or 1123 of the Bankruptcy Code.

**MANDATORY
PREPAYMENTS:**

Borrowers shall immediately pay to DIP Lenders:

- (a) 100% of net proceeds of sale of all or substantially all assets;
- (b) 100% of the net proceeds of insurance and condemnation awards; and
- (c) 100% of the net proceeds of any debt issuance or equity issuance;

in each case until the DIP Facility and the Loans thereunder are paid in full.

CARVE-OUT:

- (a) The Prepetition Liens, the DIP Lender Superpriority Claim, the DIP Liens, the Adequate Protection Liens (as defined below) and the Adequate Protection Superpriority Claims (as defined below), in each case, are subject to a carve-out (the "Carve Out") for only the following expenses incurred in accordance with, and to the extent included in, the Approved Budget: (i) all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) all reasonable fees and expenses incurred by a trustee under section 1183 of the Bankruptcy Code (the "Subchapter V Trustee"); (iii) solely upon conversion of these Bankruptcy Cases to Bankruptcy Cases under chapter 7, all reasonable fees and expenses up to \$10,000.00 incurred by a trustee under section 726(b) of the Bankruptcy Code (the "Chapter 7 Trustee Carve-Out"); (iv) to the extent included in the Approved Budget and allowed at any time, whether by interim order, procedural order, or otherwise, the payment of all unpaid fees, costs, disbursements and expenses (the "Allowed Professional Fees") incurred or earned by persons or firms retained by Borrowers pursuant to Sections 327, 328, or 363 of the Bankruptcy Code (the "Professional Persons") at any time before or on the first business day following delivery by DIP Lenders of a Carve Out Notice (as defined below), whether allowed by the Bankruptcy Court prior to, on or after delivery of a Carve Out Notice (the amounts in (i)-(iv), collectively, the "Pre-Trigger Carve Out Cap"); and (v) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed \$15,000.00 incurred after the first business day following delivery by DIP Lenders of the Carve Out Notice to the Carve Out Notice Parties (as defined below) (such date, the "Trigger Date"), to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in clause (v) being the "Post-Carve Out Notice Cap" and such amounts set forth in clauses (i) through (v), the "Carve Out Cap"); provided that nothing herein shall be construed to impair any party's ability to object to Court approval of the fees, expenses, reimbursement of expenses or compensation of any Professional Person.
- (b) For purposes of the foregoing, "Carve Out Notice" shall mean a written notice delivered by email by DIP Lenders to Borrowers, their lead restructuring counsel, the Subchapter V Trustee, and the U.S. Trustee (collectively, the "Carve Out Notice Parties"), which notice shall be delivered upon the expiration of the Remedies Notice Period (as

defined below), and shall describe in reasonable detail such Event of Default that is alleged to have occurred and to be continuing at the end of such Remedies Notice Period and stating that the Post-Carve Out Notice Cap has been invoked.

- (c) Prior to Borrowers' receipt of any Carve-Out Notice, Borrowers shall wire transfer funds from the Borrowers' cash or the proceeds of the DIP Facility, on a weekly basis, to the Saul Ewing Arnstein & Lehr LLP Client Trust Account (to the extent of such funds actually deposited, the "Reserve Account") in the amount equal to, but not to exceed, the professional fees and costs set forth in the Approved Budget for the Borrowers' Professionals for each such week. From such funds held in the Reserve Account, Saul Ewing Arnstein & Lehr LLP ("Saul Ewing") shall release to the Borrowers' Professionals such amounts as are payable pursuant to an applicable order of this Court, including an order approving interim compensation procedures in the Bankruptcy Cases and any order granting interim or final fee applications for Borrowers' Professionals (each, a "Fee Order"). Funds held in the Reserve Account shall be applied to payable professional fees that have been incurred following the Petition Date in the manner set forth in this Interim Order and in accordance with the procedures established in the Bankruptcy Cases. All amounts payable to Borrowers' Professionals pursuant to an applicable order of this Court shall be paid first from funds remaining in the Reserve Account, if any, and, upon exhaustion thereof, from the Carve-Out as such fees are payable pursuant to a Fee Order.
- (d) On the Trigger Date, the Carve Out Notice shall constitute a demand to Borrowers to utilize all cash on hand as of such date and any available cash thereafter generated by Borrowers to fund the Reserve Account up to the Carve Out Cap, if necessary.
- (e) Upon delivery of a Carve Out Notice, and prior to the payment to any DIP Lender on account of any adequate protection or otherwise, Borrowers shall be required to deposit in the Reserve Account an amount equal to the Carve Out Cap, (i) cash available on the Trigger Date and (ii) available cash from time to time after the Trigger Date after giving effect to the cash contributions under clause (i) above. Following the Borrowers' receipt of a Carve Out Notice, funds on deposit in the Reserve Account shall only be available to satisfy the obligations set forth in the definition of Carve Out. DIP Lenders shall have a security interest upon any residual amount in the Reserve Account available following satisfaction in cash in full of all obligations benefiting from the Carve Out as further described in subsection (f) below. Notwithstanding the foregoing, so long as a Carve Out Notice has not been issued, Borrowers shall be permitted to pay fees to the Professional Persons and reimburse expenses incurred by Professional Persons and that are allowed or authorized by the Bankruptcy Court and payable under Sections 328, 330, and 331 of the Bankruptcy Code and compensation procedures approved by the Bankruptcy Court, as the same may be due and payable, it being

understood that the Pre-Trigger Carve Out Cap shall be reduced by actual payments of Allowed Professional Fees included in the Pre-Trigger Carve Out Cap made after the Trigger Date. Any payment or reimbursement made on or after the occurrence of the Trigger Date in respect of any Allowed Professional Fees shall permanently reduce the Carve Out on a dollar-for-dollar basis. Any funding of the Carve Out by DIP Lenders shall be added to, and made a part of, the DIP Obligations secured by the DIP Collateral and shall be otherwise entitled to the protections granted under the Interim DIP Order, the Final DIP Order, the DIP Loan Documents (as defined below), the Bankruptcy Code, and applicable law.

- (f) Following the Borrowers' receipt of a Carve Out Notice, all funds in the Reserve Account shall be used first to pay all obligations set forth in clauses (i) through (iv) of the definition of Carve Out, until paid in full, and then the obligations set forth in clause (v) thereof.
- (g) No portion of the Carve Out or proceeds of the DIP Facility, any Cash Collateral or DIP Collateral may be used for or in connection with (i) preventing, hindering, or delaying any of DIP Lenders' enforcement or realization upon the DIP Collateral following the expiration of the Remedies Notice Period (as defined below), (ii) using or seeking to use Cash Collateral or selling or otherwise disposing of DIP Collateral in a manner not permitted by the DIP Loan Documents, or (iii) incurring any indebtedness other than under the DIP Facility or on account of the Subchapter V Trustee performing its duties, as otherwise permitted by the DIP Loan Documents or as authorized by the Court.

REPORTING:

Borrowers shall report to DIP Lenders regarding their performance to the Approved Budget on a weekly basis or as otherwise agreed to by the parties.

**CONDITIONS
PRECEDENT:**

DIP Lenders' obligation to make the Interim Loans under the DIP Facility to Borrowers is subject to the following conditions: (i) due execution and delivery of this Term Sheet by the parties hereto; (ii) the execution of the promissory note made by Borrowers in favor of DIP Lenders as attached hereto as Exhibit A (such promissory notes, together with the Term Sheet, collectively, the "DIP Loan Documents"); and (iii) entry of the Interim DIP Order. The date on which such conditions are satisfied is the "Closing Date."

DIP Lenders' obligations to make any Loan (including the Interim Loans) under the DIP Facility are further subject to the following conditions: (i) the absence of any Event of Default; (ii) receipt of a customary borrowing notice from Borrowers; (iii) there being no legal bar to any DIP Lender making the applicable Loan; and (iv) the amount of any Loan is consistent with the Approved Budget and not in excess of the Commitment Amount or any DIP Lender's ratable portion thereof.

**EVENTS OF
DEFAULT:**

The occurrence of any of the following shall constitute an Event of Default under this Term Sheet, the Interim Order or the Final Order approving the DIP Facility:

- (a) Failure to make payments when due hereunder or under the Interim DIP Order or Final Order.
- (b) Failure of the Bankruptcy Court to enter the Final Order within 35 days of the Petition Date.
- (c) The filing of a plan which does not provide for paying the Loans, interest and all other indebtedness, liabilities and obligations under the DIP Facility in full on or before the effective date of any plan of reorganization or liquidation.
- (d) The sale of any Borrower's assets (other than inventory in the ordinary course of business) without the prior consent of DIP Lenders.
- (e) Dismissal of the Bankruptcy Cases with respect to any Borrower or conversion of any of such case to a Chapter 7 case.
- (f) Appointment of a Chapter 11 trustee or examiner or other person with expanded powers.
- (g) The granting of relief from the automatic stay to any third party to permit foreclosure on material assets of Borrowers.
- (h) Reversal, vacation or stay of the effectiveness of any of the Interim DIP Order or the Final Order.
- (i) Any order entered transferring venue of any of the Bankruptcy Cases.
- (j) Cessation of DIP Liens or Super-Priority Claims granted with respect to the DIP Facility to be valid, perfected and enforceable in all respects with the priority status required herein.
- (k) Failure by Borrowers to perform or comply in any material respect with any term, condition, covenant or obligation contained herein, on their part to be performed or complied with where any such failure to perform or comply is not remedied within five (5) business days following written notice of the default.
- (l) Except as set forth herein, the entry of any order of the Bankruptcy Court granting a superpriority claim or lien parri passu with or senior to that granted to DIP Lenders hereunder.

**ADEQUATE
PROTECTION:**

As adequate protection of the Prepetition Liens of Prepetition Secured Parties in the Prepetition Collateral against any diminution in value, Prepetition Secured Parties shall be granted to the extent of the diminution in value of the Prepetition Liens in the Prepetition Collateral from and after

the Petition Date and until the date upon which the Prepetition Obligations are paid in full in cash;

- (a) continued accrual of interest, in accordance with and calculated at the non-default rate under the Prepetition Credit Documents, which interest shall accrue until the Maturity Date under the DIP Facility;
- (b) subject to the notice procedures provided in the Interim DIP Order and the Final Order, payments in cash, promptly, but in no event later than ten (10) days following receipt by Borrowers of any invoice therefor, of on a cumulative basis (i) a maximum of \$5,000.00 per month in reasonable fees, costs and expenses of legal counsel to Fortress, and (ii) the reasonable fees, costs, and expenses, including without limitation, legal and other professionals' (including Reinhart Boerner Van Deuren s.c and Ashby & Geddes) fees and expenses, whether incurred before or after the Petition Date, of the Prepetition Lenders, as required under the AAVIN Loan Agreement;
- (c) continuing valid, binding, enforceable, unavoidable and fully perfected post-petition replacement liens on and security interests in, subject to the Carve-Out and the DIP Liens, the DIP Collateral in their respective priority as exists under the Prepetition Credit Documents (collectively, the "Adequate Protection Liens"); and
- (d) superpriority administrative expense claims (the "Adequate Protection Superpriority Claims") under sections 503 and 507 of the Bankruptcy Code against the Borrowers' estates to the extent that the Adequate Protection Liens do not adequately protect against the diminution in value of the Prepetition Liens, which Adequate Protection Superpriority Claims, if any, shall (subject only to the Carve-Out and the DIP Lender Superpriority Claims, and which shall not be payable from or have recourse to the proceeds of all claims and causes of action under Chapter 5 of the Bankruptcy Code or any other avoidance actions under the Bankruptcy Code of the Borrowers and their Estates unless approved by the Final Order) have priority in payment over any and all administrative expenses of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code, including, but not limited to, Bankruptcy Code sections 105, 326, 328, 330, 331, 503(b), 506(c) (subject to entry of the Final DIP Order), 507(a), 507(b), 726, 1113 and 1114, or otherwise and including those resulting from the conversion of any of the Bankruptcy Cases pursuant to section 1112 of the Bankruptcy Code.

REMEDIES:

Subject to Borrowers' ability to cure within five (5) business days following written notice of a default (the "Remedies Notice Period"), at the Maturity Date or if any Event of Default occurs and is continuing, DIP Lenders may take any or all of the following actions:

- (a) terminate DIP Lenders' commitment to make Loans, whereupon no DIP Lender shall have any obligation to make Loans under the DIP Facility to Borrowers;
- (b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all Obligations owing or payable hereunder to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by Borrowers; and
- (c) exercise all rights and remedies available to it and DIP Lenders hereunder.

INDEMNIFICATION:

Borrowers agree to indemnify and hold harmless each DIP Lender, in its capacity as such, its affiliates and their respective partners, members, directors, agents, attorneys, employees, officers, advisors, trustees, other representatives or controlling persons (collectively, "Indemnified Persons") from and against, any and all losses, claims, damages, liabilities and reasonable out-of-pocket legal and other expenses of any kind, joint or several, to which such Indemnified Person may become subject or that may be incurred or asserted or awarded against such Indemnified Person, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation, claim or proceeding) the DIP Facility *provided* that no Indemnified Person will be indemnified for any cost, expense or liability to the extent determined in the final, non-appealable judgment of a court of competent jurisdiction to have resulted primarily from its gross negligence or willful misconduct. Borrowers also agree that none of the Indemnified Persons will have any liability to Borrowers or any person asserting claims on behalf of or in right of Borrowers in connection with or as a result of this arrangement.

NON-ASSIGNABLE:

This Term Sheet shall not be assignable by any Borrower and is intended to be solely for the benefit of the parties hereto and is not intended to and does not confer any benefits upon, or create any rights in favor of, any person other than the parties hereto. Any purported assignment by any Borrower of its rights hereunder or any delegation by any Borrower of its duties hereunder is null and void. This Term Sheet may not be amended or waived except by an instrument in writing signed by each Borrower and each DIP Lender.

**DIP LENDER
EXPENSES:**

Borrowers shall reimburse the DIP Lenders for all reasonable costs and expenses, including reasonable legal fees, in connection with the negotiation, documentation, delivery of the DIP Facility, the DIP Loan Documents and the Bankruptcy Cases.

GOVERNING LAW:

This Term Sheet shall be governed by the laws of the State of Delaware without giving effect to any choice of law or conflict provision or rule that would cause the application of the laws of any jurisdiction other than the State of Delaware.

COUNTERPARTS: This Term Sheet may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement.

ENTIRE AGREEMENT: This Term Sheet embodies the entire agreement and understanding among Borrowers and DIP Lenders with respect to the DIP Facility and supersedes all prior agreements and understandings relating to the specific matters contemplated herein. No party has been authorized by us to make any oral or written statements that are inconsistent with this Term Sheet.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, each of the undersigned has caused this Term Sheet to be executed as of the Closing Date.

BORROWERS:

HJ DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: Thomas A Sacco
Thomas Sacco, President

TS DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: Thomas A Sacco
Thomas Sacco, President

DYNAMIC RESTAURANT ACQUISITION, INC.

By: Thomas A Sacco
Thomas Sacco, President

TS DYNAMIC ACQUISITION, INC.

By: Thomas A Sacco
Thomas Sacco, President

DIP LENDERS:

AAVIN MEZZANINE FUND, LP

By: AAVIN MEZZANINE, LLC,
its General Partner

By: _____
James D. Thorp, Member

AAVIN EQUITY PARTNERS II, LP

By: AAVIN II, LLC, its General Partner

By: _____
James D. Thorp, Member

IN WITNESS WHEREOF, each of the undersigned has caused this Term Sheet to be executed as of the Closing Date.

BORROWERS:

HJ DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: _____
Thomas Sacco, President

TS DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: _____
Thomas Sacco, President

DYNAMIC RESTAURANT ACQUISITION, INC.

By: _____
Thomas Sacco, President

TS DYNAMIC ACQUISITION, INC.

By: _____
Thomas Sacco, President

DIP LENDERS:

AAVIN MEZZANINE FUND, LP

By: AAVIN MEZZANINE, LLC,
its General Partner

By: _____
James D. Thorp, Member

AAVIN EQUITY PARTNERS II, LP

By: AAVIN II, LLC, its General Partner

By: _____
James D. Thorp, Member

EXHIBIT A

Promissory Notes

See attached.

**HJ DYNAMIC HOLDINGS, LLC
DYNAMIC RESTAURANT ACQUISITION, INC.
TS DYNAMIC HOLDINGS, LLC
TS DYNAMIC ACQUISITION, INC.**

PROMISSORY NOTE

\$426,600.00

September 2, 2022
Cedar Rapids, Iowa

FOR VALUE RECEIVED, HJ DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("HJ Dynamic"), DYNAMIC RESTAURANT ACQUISITION, INC., a Delaware corporation ("Dynamic Restaurant"), TS DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("TS Dynamic"), and TS DYNAMIC ACQUISITION, INC., a Delaware corporation ("TSDA" and together with HJ Dynamic, Dynamic Restaurant and TS Dynamic, each, a "Borrower" and collectively, the "Borrowers"), jointly and severally, promise to pay to the order of AAVIN MEZZANINE FUND, LP, a Delaware limited partnership (the "Holder"), the principal sum of FOUR HUNDRED TWENTY-SIX THOUSAND SIX HUNDRED AND 00/100 DOLLARS (\$426,600.00), which amount shall be due and payable to the Holder as provided in the Term Sheet for Proposed Secured Superpriority Debtor in Possession Loan Facility to the Borrowers dated as of the date hereof, by and among the Borrowers, the Holder and the other DIP Lender (as defined therein), (as amended, restated, supplemented or otherwise modified from time to time, the "DIP Term Sheet").

Interest accruing from the date hereof on the unpaid principal amount of this Note from time to time outstanding shall be payable at the rates and at the times specified in the DIP Term Sheet.

Subject to the provisions of the DIP Term Sheet, payments of both principal and interest shall be made by check delivered to the Holder at the address designated by the Holder to the Borrowers in writing, by electronic funds transfer or by wire transfer of immediately available funds to an account of the Holder designated to the Borrowers by the Holder of this Note in writing, in lawful money of the United States of America in funds immediately available at such payment office.

This Note is entitled to the benefits of, the DIP Term Sheet, which agreement, among other things, contains provisions for acceleration of the maturity hereof upon the occurrence of certain stated events and also for prepayments, in certain circumstances, of the principal hereof and interest prior to maturity upon the terms and conditions specified therein.

Except as otherwise expressly provided in the DIP Term Sheet, the Borrowers waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the DIP Term Sheet. In any action on this Note, the Holder or its assignee need not produce or file the original of this Note, but need only file a photocopy of this Note certified by the Holder or such assignee to be a true and correct copy of this Note.

All capitalized terms used in this Note which are defined in the DIP Term Sheet shall have the meanings assigned to them in the DIP Term Sheet.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Borrowers have executed this Promissory Note as of the date first written above.

HJ DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: Thomas A Sacco
Thomas Sacco, President

TS DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: Thomas A Sacco
Thomas Sacco, President

DYNAMIC RESTAURANT ACQUISITION, INC.

By: Thomas A Sacco
Thomas Sacco, President

TS DYNAMIC ACQUISITION, INC.

By: Thomas A Sacco
Thomas Sacco, President

**HJ DYMANIC HOLDINGS, LLC
DYNAMIC RESTAURANT ACQUISITION, INC.
TS DYNAMIC HOLDINGS, LLC
TS DYNAMIC ACQUISITION, INC.**

PROMISSORY NOTE

\$173,400.00

September 2, 2022
Cedar Rapids, Iowa

FOR VALUE RECEIVED, HJ DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("HJ Dynamic"), DYNAMIC RESTAURANT ACQUISITION, INC., a Delaware corporation ("Dynamic Restaurant"), TS DYNAMIC HOLDINGS, LLC, a Delaware limited liability company ("TS Dynamic"), and TS DYNAMIC ACQUISITION, INC., a Delaware corporation ("TSDA" and together with HJ Dynamic, Dynamic Restaurant and TS Dynamic, each, a "Borrower" and collectively, the "Borrowers"), jointly and severally, promise to pay to the order of AAVIN EQUITY PARTNERS II, LP, a Delaware limited partnership (the "Holder"), the principal sum of ONE HUNDRED SEVENTY-THREE THOUSAND FOUR HUNDRED AND 00/100 DOLLARS (\$173,400.00), which amount shall be due and payable to the Holder as provided in the Term Sheet for Proposed Secured Superpriority Debtor in Possession Loan Facility to the Borrowers dated as of the date hereof, by and among the Borrowers, the Holder and the other DIP Lender (as defined therein), (as amended, restated, supplemented or otherwise modified from time to time, the "DIP Term Sheet").

Interest accruing from the date hereof on the unpaid principal amount of this Note from time to time outstanding shall be payable at the rates and at the times specified in the DIP Term Sheet.

Subject to the provisions of the DIP Term Sheet, payments of both principal and interest shall be made by check delivered to the Holder at the address designated by the Holder to the Borrowers in writing, by electronic funds transfer or by wire transfer of immediately available funds to an account of the Holder designated to the Borrowers by the Holder of this Note in writing, in lawful money of the United States of America in funds immediately available at such payment office.

This Note is entitled to the benefits of, the DIP Term Sheet, which agreement, among other things, contains provisions for acceleration of the maturity hereof upon the occurrence of certain stated events and also for prepayments, in certain circumstances, of the principal hereof and interest prior to maturity upon the terms and conditions specified therein.

Except as otherwise expressly provided in the DIP Term Sheet, the Borrowers waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the DIP Term Sheet. In any action on this Note, the Holder or its assignee need not produce or file the original of this Note, but need only file a photocopy of this Note certified by the Holder or such assignee to be a true and correct copy of this Note.

All capitalized terms used in this Note which are defined in the DIP Term Sheet shall have the meanings assigned to them in the DIP Term Sheet.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Borrowers have executed this Promissory Note as of the date first written above.

HJ DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: Thomas A Sacco
Thomas Sacco, President

TS DYNAMIC HOLDINGS, LLC

By: DYNAMIC RESTAURANT HOLDINGS,
LLC, its managing member

By: Thomas A Sacco
Thomas Sacco, President

DYNAMIC RESTAURANT ACQUISITION, INC.

By: Thomas A Sacco
Thomas Sacco, President

TS DYNAMIC ACQUISITION, INC.

By: Thomas A Sacco
Thomas Sacco, President

Exhibit B

Organizational Chart

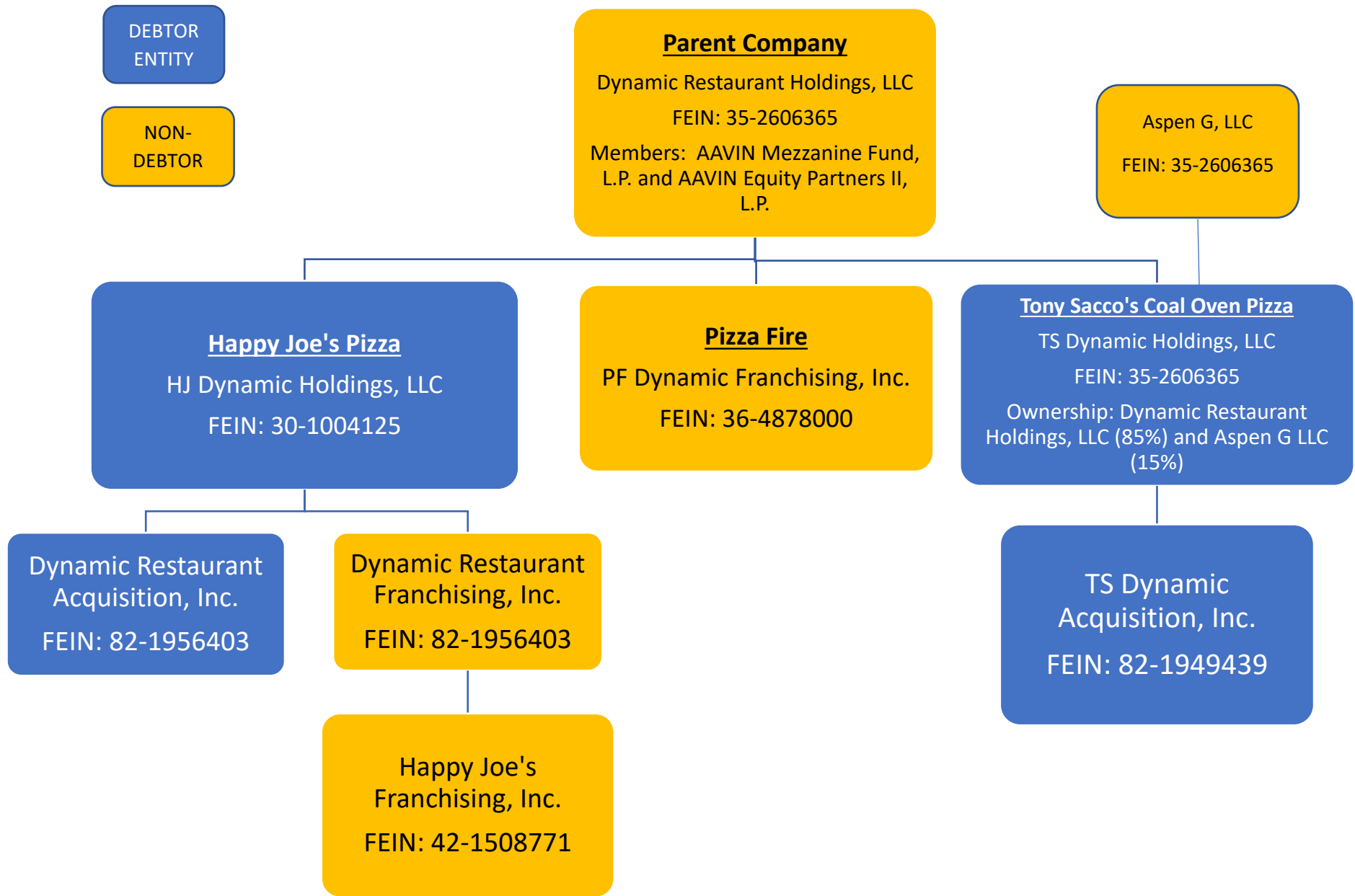


Exhibit C

Debtors' Projected Disposable Income for 3-Year Period

Exhibit C

Happy Joe's Consolidated Projections
2023-2025

	Prelim 2022		2023		2024		2025	
	\$	%	\$	%	\$	%	\$	%
Income								
Sales Food & Beverage	\$ 4,921,467	78.6%	\$ 4,970,682	77.3%	\$ 5,094,949	76.2%	\$ 5,247,797	75.7%
Royalty Revenue *	\$ 1,265,771	20.2%	\$ 1,388,700	21.6%	\$ 1,513,616	22.6%	\$ 1,603,616	23.1%
Franchise Fee Revenue	\$ 21,105	0.3%	\$ 61,962	1.0%	\$ 63,201	0.9%	\$ 64,465	0.9%
Commissary Sales	\$ 23,323	0.4%	\$ 1,300	0.2%	\$ 13,000	0.2%	\$ 13,000	0.2%
Other	\$ 27,512	0.4%						
Total Income	\$ 6,259,178	99.9%	\$ 6,422,644	100.1%	\$ 6,684,766	99.9%	\$ 6,928,878	99.9%
Discounts, coupons **	\$ 404,371	6.5%	\$ 421,413	6.5%	\$ 431,948	6.5%	\$ 444,906	6.4%
Net Sales	\$ 5,854,807	93.5%	\$ 6,001,231	93.5%	\$ 6,252,818	93.5%	\$ 6,483,972	93.5%
Cost of Sales								
Cost of Sales Food Beverage	1,497,687	23.9%	1,437,201	22.3%	1,425,946	21.3%	1,449,970	20.9%
Commissary COS	26,651	0.4%	11,050	0.2%	11,050	0.2%	11,050	0.2%
Commission on Franchise Fee	4,464	0.1%	6,244	0.1%	6,369	0.1%	6,496	0.1%
Total COS	\$ 1,528,802	24.4%	\$ 1,454,495	22.6%	\$ 1,443,365	21.6%	\$ 1,467,516	21.2%
Gross Profit	\$ 4,326,005	69.1%	\$ 4,546,736	70.8%	\$ 4,809,453	71.9%	\$ 5,016,456	72.4%
Controllable Labor								
Office Salary	641,407	10.2%	650,917	10.1%	657,426	9.8%	664,000	9.6%
Store Salary	194,583	3.1%	183,400	2.9%	187,068	2.8%	190,809	2.8%
Overtime	24,884	0.4%	1,500	0.0%	1,500	0.0%	1,500	0.0%
Wages	1,301,485	20.8%	1,203,457	18.7%	1,209,902	18.1%	1,240,951	17.9%
Total Controllable Labor	\$ 2,162,359	34.5%	\$ 2,039,274	31.7%	\$ 2,055,896	30.7%	\$ 2,097,260	30.3%
Other Labor	\$ 336,141	5.4%	\$ 293,974	4.6%	\$ 299,905	4.5%	\$ 306,893	4.4%
Total Labor	\$ 2,498,500	39.9%	\$ 2,333,248	36.3%	\$ 2,355,801	35.2%	\$ 2,404,153	34.7%
Variables								
Advertising	145,323	2.3%	189,467	2.9%	156,404	2.3%	154,907	2.2%
HJNFB Dues ***	64,043	1.0%	65,700	1.0%	68,239	1.0%	69,945	1.0%
Rest Supplies/Maint Supplies	84,637	1.4%	80,451	1.3%	76,424	1.1%	73,469	1.1%
Insurance Wk Comp	23,103	0.4%	24,300	0.4%	24,300	0.4%	24,300	0.4%
Repair & Maintenance	96,536	1.5%	85,386	1.3%	80,166	1.2%	82,466	1.2%
Phone/Internet/TV	56,019	0.9%	29,891	0.5%	29,780	0.4%	29,780	0.4%
Computer Exp	86,539	1.4%	51,888	0.8%	51,280	0.8%	51,280	0.7%
Franchise Sales Consult	41,667	0.7%	50,000	0.8%	50,500	0.8%	51,005	0.7%
Outside Services (lawn, snow)	47,962	0.8%	34,144	0.5%	34,718	0.5%	35,639	0.5%
Credit Card Fees	101,818	1.6%	100,995	1.6%	99,175	1.5%	96,864	1.4%
Travel & Meals	138,291	2.2%	114,000	1.8%	114,000	1.7%	114,000	1.6%
Interco Bookkeeping Income	(58,892)	-0.9%	(125,300)	-1.9%	(125,300)	-1.9%	(125,300)	-1.8%
Professional Fees	74,464	1.2%	89,200	1.4%	104,200	1.6%	104,200	1.5%
Other ****	427,256	6.8%	274,807	4.3%	176,858	2.6%	181,804	2.6%
Variable without Subchapter V Filing Expenses	\$ 1,328,766	21.3%	\$ 1,064,929	16.7%	\$ 940,744	14.0%	\$ 944,359	13.5%
Subchapter V Filing expenses	\$ 235,000	3.8%	\$ 100,000	1.6%	\$ -	0.0%	\$ -	0.0%
Total Variable with Subchapter V Filing Expenses	\$ 1,563,766	25.1%	\$ 1,164,929	18.3%	\$ 940,744	14.0%	\$ 944,359	13.5%
Fixed								
Utilities	\$ 153,031	2.4%	\$ 143,000	2.2%	\$ 143,715	2.1%	\$ 144,434	2.1%
Depreciation	\$ 78,800	1.3%	\$ 82,613	1.3%	\$ 80,149	1.2%	\$ 78,649	1.1%
Amortization	\$ 461,946	7.4%	\$ 440,859	6.9%	\$ 440,859	6.6%	\$ 319,100	4.6%
Amortization Loan Closing Costs	\$ 11,786	0.2%	\$ 2,140	0.0%	\$ -	0.0%	\$ -	0.0%
Rent	\$ 498,908	8.0%	\$ 443,600	6.9%	\$ 447,750	6.7%	\$ 451,941	6.5%
CAM	\$ -	0.0%	\$ 17,600	0.3%	\$ 17,600	0.3%	\$ 17,600	0.3%
Property Taxes	\$ 97,597	1.6%	\$ 86,000	1.3%	\$ 86,720	1.3%	\$ 87,447	1.3%
Health insurance	\$ 70,745	1.1%	\$ 88,374	1.3%	\$ 88,000	1.3%	\$ 83,000	1.2%
Health insurance self funded	\$ 20,504	-1.1%	\$ 20,000	1.1%	\$ 20,000	0.3%	\$ 20,000	0.3%
Insurance-Liability	\$ 70,122	1.1%	\$ 73,000	1.1%	\$ 73,000	1.1%	\$ 73,000	1.1%
Interest	\$ 250,421	4.0%	\$ 258,433	4.0%	\$ 258,433	3.9%	\$ 258,433	3.7%
Fun Center Allocation	\$ (81,084)	-1.3%	\$ (70,098)	-1.1%	\$ (72,000)	-1.1%	\$ (72,000)	-1.0%
Total Fixed	\$ 1,632,776	24.7%	\$ 1,585,521	24.3%	\$ 1,584,226	23.7%	\$ 1,461,604	21.2%
Total Expenses	\$ 5,695,042	91.0%	\$ 5,083,698	79.2%	\$ 4,880,771	73.0%	\$ 4,810,116	69.4%
Operating Income	\$ (1,369,037)	-21.9%	\$ (536,962)	-8.2%	\$ (71,318)	-1.1%	\$ 206,340	3.0%
Fun Center, net	\$ 12,284	0.2%	\$ 64,791	1.0%	\$ 71,116	1.1%	\$ 88,544	1.3%
Shipped Pizza S&H	\$ -		\$ -		\$ -		\$ -	
Other Income, Expenses	\$ -		\$ -		\$ -		\$ -	
DRH Management	\$ (257,675)	-4.1%	\$ (215,000)	-3.3%	\$ (217,150)	-3.2%	\$ (219,322)	-3.2%
DRH Management payroll taxes	\$ (18,472)	-0.3%	\$ (16,448)	-0.3%	\$ (16,612)	-0.2%	\$ (16,778)	-0.2%
DRH Mngmt Health	\$ (42,582)	-0.7%	\$ (14,990)	-0.2%	\$ (15,000)	-0.2%	\$ (15,000)	-0.2%
Overhead Allocation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Supervisory Labor	\$ (70,339)	-1.1%	\$ (55,000)	-0.9%	\$ (55,000)	-0.8%	\$ (55,000)	-0.8%
Other	\$ 41,491	0.7%	\$ 20,000	0.3%	\$ 20,000	0.3%	\$ 20,000	0.3%
Total Other Income	\$ (347,577)	-5.5%	\$ (281,438)	-4.4%	\$ (283,762)	-4.1%	\$ (286,100)	-4.1%
Net Income	\$ (1,704,330)	-27.2%	\$ (753,609)	-11.5%	\$ (283,964)	-4.2%	\$ 8,784	0.1%
Disposable Cash								
Earnings	\$ (1,704,330)		\$ (753,608)		\$ (283,964)		\$ 8,784	
Depreciation	\$ 78,800		\$ 82,613		\$ 80,149		\$ 78,649	
Amortization	\$ 473,732		\$ 442,999		\$ 440,859		\$ 319,100	
Deferred Revenue	\$ (21,105)		\$ (61,962)		\$ (63,201)		\$ (64,465)	
Deferred Commission	\$ 4,464		\$ 6,244		\$ 6,369		\$ 6,496	
Capital Expenditures	\$ (417,000)		\$ (85,000)		\$ (85,000)		\$ (85,000)	
Disposable Cash projections	\$ (1,585,439)		\$ (368,714)		\$ 95,212		\$ 263,564	

* Dynamic Restaurant Franchising projects 3-5 store openings per year over the course of the three year projection
 ** Includes discounting, coupons, complimentary promotions
 *** Happy Joe's National Franchise Board dues are required for chain wide advertising
 **** Includes paper and printed supplies, licenses & fees, office supplies, maintenance contracts, 401k discretionary match accrual

Assumptions

Three Year Projections

2023-2025

(1) Three corporate locations (which are as follows) and will not be adding any additional locations

- Locust
- West 50th
- Bettendorf

(2) Due to the decrease in the amount of corporate stores, the following salaries will saved

(a)	District Coach of ALL Company Stores took Director of Purchasing Position	65,000
	District Coach of IL Company Stores that were Closed	55,000
	Receptionist	40,000
	IT Salary	38,500

198,500

(3) No additional professional fees due to Chapter 11 filing incurred after fiscal year 2023

(4) Dynamic Restaurant Franchising projects 3-5 store openings per year over the course of the three year projection

(5) No revenue/expenses have been projected for the Tony Sacco's entities

(6) No audit done for DRH in the current FY2022 year but will be added back in for FY2023 and FY2024 at \$15,000 additional for each year

(7) Summary of Sales Projected Changes

	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>
Locust	1.0%	2.5%	3.0%
Bettendorf	1.0%	2.5%	3.0%
West 50th	1.0%	2.5%	3.0%

(8) **Royalty Income**

		<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
Royalty-Existing franchisees		1,267,225	1,288,373	1,288,373	1,288,373
	Conservative % collected				
	Sales Volume				
	# Mo Open				
<u>FY2023</u>					
Kewanee	0.75 \$	685,000	12	25,688	25,688
Galesburg	0.75 \$	775,000	12	29,063	29,063
St Louis	0.5 \$	1,300,000	5	16,250	39,000
Navarre FL	0.5 \$	1,500,000	4	15,000	45,000
Egypt					
Store 1	0.25 \$	1,000,000	9	7,500	10,000
Store 2	0.25 \$	750,000	6	3,750	7,500
Store 3	0.25 \$	500,000	5	2,083	5,000
Store 4	0.25 \$	400,000	3	1,000	4,000
<u>FY2024</u>					
New FY24 Store 1	0.5 \$	1,000,000	10	25,000	30,000
New FY24 Store 2	0.5 \$	1,000,000	8	20,000	30,000
New FY24 Store 3	0.5 \$	1,000,000	6	15,000	30,000
<u>FY2025</u>					
New FY25 Store 1	0.5 \$	1,000,000	10		25,000
New FY25 Store 2	0.5 \$	1,000,000	8		20,000
New FY25 Store 3	0.5 \$	1,000,000	6		15,000
		1,267,225	1,388,706	1,513,623	1,603,623
% Change from Prior Year			9.6%	9.0%	5.9%

Exhibit D

Debtors' Liquidation Analysis

Exhibit D**Liquidation Analysis**

Assets	Scheduled Value	Additional	Liquidation Value	
	\$ 44,806.00	Acquired Assets*	\$	% NBV
Cash	\$ 37,849.18		\$ 37,849.18	100%
Accounts Receivable	\$ 6,677.51		\$ 5,342.01	80%
Inventory	\$ 122,578.26		\$ 24,515.65	20%
Prepays (including Security Deposits)	\$ 30,739.67			0%
Fixed Assets				
Store Equipment	\$ 407,446.00		\$ 81,489.20	20%
Office Furniture	\$ 45,010.00		\$ 2,250.50	5%
Vehicle	\$ 45,227.00		\$ 36,181.60	80%
Goodwill	\$ 416,666.67			0%
Note Receivable	\$ 44,692.00	94,415.00	\$ 69,553.50	50%
NOLs	\$ 3,850,519.00		\$ -	0%
Total	\$ 5,007,405.29		\$ 257,181.64	
Happy Joe's Franchising Inc. Equity Interest			\$ 2,500,000.00	
Total Assets for Distribution			\$ 2,757,181.64	
Liquidation Costs				
Liquidation Fees			\$ (50,000.00)	
Chapter 7 Trustee Commission			\$ (106,000.00)	
Chapter 7 Bankruptcy Professional Fees			\$ (150,000.00)	
Total Liquidation Costs			\$ (306,000.00)	
Net Proceeds available to Creditors			\$ 2,451,181.64	
DIP Loan and Fees			\$ 605,000.00	
AAVIN Secured Claim			\$ 5,270,641.14	
Balance for Priority and Unsecured Claims			\$ (3,424,459.50)	**

*Additional Acquired Assets refers to the notes receivable obtained by the Debtors in connection with the sale of assets at their former Kewanee, IL and Galesburg, IL locations, as reflected in the motion filed on October 28, 2022 [D.I. 160].

**The negative balance available for Priority and Unsecured Claims means that no amounts would be available for distributions to the holders of such claims.

Exhibit 2

(Proposed Notice of Effective Date)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

)	
In re:	)	Chapter 11
)	
HJ DYNAMIC HOLDINGS, LLC, <i>et al.</i> , ¹	)	Case No. 22-10837 (JKS)
)	
Debtors.	)	Jointly Administered
)	
)	

NOTICE OF EFFECTIVE DATE

PLEASE TAKE NOTICE that an order (the “**Confirmation Order**”) of the Honorable J. Kate Stickles, United States Bankruptcy Judge for the District of Delaware, confirming and approving the *Debtors’ Subchapter V Plan of Reorganization* [Docket No. 199] (including all exhibits thereto and as the same may be amended, modified, or supplemented from time to time, the “**Plan**”)² was entered on [____], 2023 [Docket No. ____].

PLEASE TAKE FURTHER NOTICE that, all conditions precedent to effectiveness pursuant to Article XII of the Plan have been satisfied or waived. Therefore, [____], 2023, is the Effective Date of the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan and its provisions, including the releases, exculpation, and injunction provisions, are binding on, among others, the Debtors, all Holders of Claims and Equity Interests (irrespective of whether such Claims or Equity Interests are Impaired under the Plan or whether the Holders of such Claims have voted to accept or reject the Plan), each person or entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors, as provided in the Plan.

PLEASE TAKE FURTHER NOTICE all Professional final fee applications (the “**Final Fee Applications**”) must be filed no later than [____], 2023 (i.e., on the first business day that is forty-five (45) days after service of this notice of the Effective Date). The procedures for processing Final Fee Applications are set forth in the Plan. If a Professional does not timely submit a Final Fee Application, such Professional shall be forever barred from seeking payment of such Professional Fee Claim from the Debtors or their Estates.

PLEASE TAKE FURTHER NOTICE that, except with respect Professional Fee Claims,

¹ The Debtors in the above-captioned chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are HJ Dynamic Holdings, LLC (4125), TS Dynamic Holdings, LLC (6365), Dynamic Restaurant Acquisition, Inc. d/b/a Happy Joe’s Pizza (8894), TS Dynamic Acquisition, Inc. (9439). The Debtors’ mailing address is 5239 Grand Avenue, Davenport, Iowa 52807.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

Claims that arise in the ordinary course of business, or as otherwise set forth in the Plan, requests for payment of Administrative Expense Claims against the Debtors that arose on or after the Petition Date through and including the Effective Date (the “**Administrative Claims Period**”) must be filed with the Bankruptcy Court and served on the Debtors no later than [____], 2023 (i.e., on the first business day that is thirty (30) days after service of this notice of Effective Date) (the “**Administrative Expense Claims Bar Date**”). Holders of Administrative Expense Claims that arose, accrued or otherwise became due during the Administrative Claims Period who do not file requests for the allowance and payment thereof on or before the Administrative Expense Bar Date shall forever be barred from asserting such Administrative Expense Claims against the Debtors or their Estates.

PLEASE TAKE FURTHER NOTICE that as set forth in Article VIII of the Plan, all Executory Contracts and Unexpired Leases that have not been rejected prior to the Confirmation Date are deemed assumed, effective as of the Effective Date. Under the Plan, the deadline to file a proof of Claim relating to a Claim arising from rejection under the Plan was the later of (i) the General Bar Date, or (b) twenty-one (21) days after the date of service of an order authorizing the rejection of such Executory Contract or Unexpired Lease on the affected counterparty to the Executory Contract or Unexpired Lease. Holders of Rejection Claims that did not timely file such Claims on or before the Rejection Claims Bar Date shall be forever barred from asserting such claims against the Debtors or their Estates.

PLEASE TAKE FURTHER NOTICE that after the Effective Date, to continue to receive notice pursuant to Bankruptcy Rule 2002, all Creditors and other parties in interest must file a renewed notice of appearance with the Bankruptcy Court requesting receipt of documents pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that copies of the Confirmation Order and Plan and can be obtained by contacting the Balloting Agent at (888) 626-8512 (toll free) or (747) 263-0663, or by email: HappyJoesInquiries@OmniAgnt.com. Documents can also be viewed, free of charge, on the Case Website at <https://omniagentsolutions.com/HappyJoes>.