

Provision	Section in License Agreement ("LA") / Multi-Restaurant Development Agreement ("MDA")	Summary
u. Dispute resolution by arbitration or mediation	LA §XXVI. MDA §§XXI., XXII	LA and MDA – Except for certain claims, all disputes must be arbitrated in Atlanta, Georgia
v. Choice of forum	LA §§XXV.B. MDA §§XXI., XXII	LA and MDA – Subject to applicable state laws, arbitration must be in Atlanta, Georgia and litigation must be in the state of our then current principal place of business
w. Choice of law	LA §XXV.A. MDA §XXI.A.	LA and MDA – Subject to applicable state laws, Georgia law applies except (i) the law of state in which the Restaurant or a majority of the development area is located shall govern confidentiality, nondisclosure and non-compete provisions contained in the Agreement and its Attachments, and (ii) to the extent governed by the Lanham Act or the American Arbitration Act

**ITEM 18**  
**PUBLIC FIGURES**

We do not use any public figure in our name or symbols or to endorse or recommend our business to prospective licensees.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

**Factual Basis and Material Assumptions**

You should consider the following factual basis and material assumptions in reviewing this Item 19:

1. As of December 31, 2019, we had 904 open and operating licensed Restaurants. Of these 904 Restaurants, 755 of these Restaurants were owned and operated by third-party licensees that are not owned or controlled by our principal shareholders or our affiliates (the “**Licensee-Owned Restaurants**”). The data utilized in Item 19 are based solely on the operating results of the 734 Licensee-Owned Restaurants that were open and operating during the entire 52-week period ending on December 29, 2019 (the “**Measured Restaurants**”). We did not include in the analysis (i) 141 Restaurants that were owned or controlled by our affiliate, ZAX; (ii) 8 Restaurants that

were acquired during 2019 by our affiliate, ZX TX; and (iii) 32 Licensee-Owned Restaurants that were not open and operating for such entire 52-week period, including 4 Restaurants that temporarily closed for a portion of the period, 17 Restaurants that opened during the period, and 11 Restaurants that permanently closed during the period. No Restaurant permanently closed during its first 12 months of operation. All of the Measured Restaurants are free-standing Restaurants that offer substantially the same products and services as are currently utilized in all of the licensed Restaurants. If you have specific questions regarding any Restaurant you may contact any of the licensees listed in *Exhibit D-1*.

2. For purposes of this Item 19, the term “**Gross Revenue**” means all revenues received by a Restaurant as payment for all sales generated through the Restaurant, whether such payment is in cash, by exchange or for credit (and, if for credit, regardless of collection), including revenues received from the operation of vending machines or other mechanical devices, less any revenues taxes collected and transmitted to appropriate taxing authorities.
3. For purposes of this Item 19, the term “**EBITDA**” shall mean Gross Revenue less cost of goods sold, labor costs (excepting officer salaries), and all other operating expenses (excepting interest, taxes, depreciation and amortization).
4. This Item 19 was prepared utilizing data we received in the periodic sales reports provided to us by our licensees and through daily polling of Point of Sale (POS) data. We have not independently verified any of the data provided to us, but our licensees pay our licensing fees based on such reports. Additionally, we cannot verify that the information we receive from our licensees is prepared uniformly or that our licensees properly allocate costs to a particular category.
5. The cost and expense information in this Item 19 pertains only to the cost of goods sold, labor costs, and other operating expenses experienced by the Measured Restaurants for the period of December 31, 2018 to December 29, 2019. You may experience capitalized or other balance sheet expenditures that are not included in this cost and expense information, such as the cost of additional or replacement equipment, debt payments, and interest expenses. Costs and expenses in the operation of a Restaurant will vary from licensee to licensee and from location to location and will depend on seasonal, local and other factors, like the licensee’s efficiency in the utilization of products, the cost of transportation, and the fluctuation in market prices for food and other products.
6. Labor costs will vary from location to location and will depend on local factors, including (without limitation) local minimum wage laws and local labor market conditions. Also, with respect to labor costs, because you will need a certain number of employees to open and operate a Restaurant regardless of its gross revenues, Restaurants that have lower than average gross revenues probably will experience higher than average labor costs as a percentage of gross revenues.
7. This Item 19 utilizes data for the 52-week period beginning on December 31, 2018 and ending on December 29, 2019. The financial performance representation is an historical representation about the franchise system’s Restaurants.

### **Financial Performance Representations**

Table 1 below contains an analysis of gross revenues and certain operating costs and expenses (cost of

goods sold, labor costs and other operating expenses) of the Measured Restaurants for the 52-week period ending December 29, 2019. Table 1 is not a profit and loss statement. In Table 1 below, the Restaurants were divided into four categories based on the amount of gross revenues which are classified as: Top Quartile, Second Quartile, Third Quartile and Bottom Quartile. The average gross revenues and average operating costs and expenses for each of the categories was calculated by adding the gross revenues or certain operating costs and expenses, as applicable, of all Measured Restaurants within each quartile and dividing by the total number of Measured Restaurants within such quartile. The average gross revenues and costs and expenses in each quartile were then compared to the average gross revenues in such quartile and expressed as a percentage. Labor costs in Table 1 do not include officer's salaries and benefits for any Measured Restaurant that captures or recognizes that expense.

**TABLE 1: Analysis of Gross Revenues and Operating Costs**

	Top 25%		Second 25%		Third 25%		Bottom 25%	
	\$	%	\$	%	\$	%	\$	%
<b>GROSS REVENUE</b>	\$3,002,944	100%	\$2,335,026	100%	\$1,931,341	100%	\$1,384,299	100%
<b>COST OF SALES</b>								
CHICKEN	439,660	14.6%	337,778	14.5%	277,759	14.4%	203,087	14.7%
PRODUCE	53,425	1.8%	42,557	1.8%	37,073	1.9%	27,468	2.0%
OTHER FOOD	315,918	10.5%	245,729	10.5%	204,211	10.6%	150,441	10.9%
PAPER AND PLASTIC SUPPLIES	70,185	2.3%	56,233	2.4%	46,239	2.4%	33,111	2.4%
BEVERAGES GENERAL	90,756	3.0%	72,547	3.1%	61,372	3.2%	48,341	3.5%
BREAD PRODUCTS	37,013	1.2%	29,235	1.3%	23,769	1.2%	17,390	1.3%
NET INVENTORY	(556)	0.0%	(257)	0.0%	(215)	0.0%	(28)	0.0%
<b>SUB TOTAL FOOD</b>	<b>1,006,400</b>	<b>33.5%</b>	<b>783,822</b>	<b>33.6%</b>	<b>650,209</b>	<b>33.7%</b>	<b>479,810</b>	<b>34.7%</b>
CUSTOMER CONTROLLED - FOOD	7,292	0.2%	5,703	0.2%	5,050	0.3%	3,472	0.3%
CUSTOMER CONTROLLED - PAPER	28,083	0.9%	20,866	0.9%	17,662	0.9%	12,607	0.9%
OIL & SHORTENING	24,846	0.8%	20,385	0.9%	18,038	0.9%	15,337	1.1%
TRANSPORTATION-IN	2,110	0.1%	1,873	0.1%	1,604	0.1%	1,306	0.1%
<b>COST OF GOODS SOLD</b>	<b>1,068,727</b>	<b>35.6%</b>	<b>832,647</b>	<b>35.7%</b>	<b>692,564</b>	<b>35.9%</b>	<b>512,532</b>	<b>37.0%</b>
<b>LABOR</b>	<b>700,153</b>	<b>23.3%</b>	<b>584,496</b>	<b>25.0%</b>	<b>486,486</b>	<b>25.2%</b>	<b>388,222</b>	<b>28.0%</b>
<b>GROSS PROFIT</b>	<b>1,234,065</b>	<b>41.1%</b>	<b>917,883</b>	<b>39.3%</b>	<b>752,292</b>	<b>39.0%</b>	<b>483,545</b>	<b>34.9%</b>
<b>OTHER OPERATING EXPENSES</b>								
TELEPHONE AND UTILITIES	52,304	1.7%	47,225	2.0%	45,535	2.4%	39,494	2.9%
PROFESSIONAL FEES	45,299	1.5%	28,785	1.2%	29,622	1.5%	17,518	1.3%
ADVERTISING EXPENSES	106,785	3.6%	84,919	3.6%	70,059	3.6%	49,122	3.5%
OTHER OPERATING EXPENSES	234,725	7.8%	186,862	8.0%	157,938	8.2%	121,279	8.8%
ROYALTIES	179,660	6.0%	135,919	5.8%	113,631	5.9%	67,719	4.9%
RENT AND OCCUPANCY EXPENSE	185,105	6.2%	165,316	7.1%	155,184	8.0%	145,795	10.5%
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>\$803,878</b>	<b>26.8%</b>	<b>\$649,026</b>	<b>27.8%</b>	<b>\$571,970</b>	<b>29.6%</b>	<b>\$440,928</b>	<b>31.9%</b>
<b>TOTAL EXPENSES</b>	<b>\$2,572,757</b>	<b>85.7%</b>	<b>\$2,066,170</b>	<b>88.5%</b>	<b>\$1,751,019</b>	<b>90.7%</b>	<b>\$1,341,682</b>	<b>96.9%</b>
<b>EBITDA FROM OPERATIONS</b>	<b>\$430,187</b>	<b>14.3%</b>	<b>\$268,857</b>	<b>11.5%</b>	<b>\$180,322</b>	<b>9.3%</b>	<b>\$42,617</b>	<b>3.1%</b>

**Notes to Table 1:**

- The following table discloses the number and percentage of Measured Restaurants in each quartile above the average EBITDA disclosed in Table 1 for each quartile and the median EBITDA for each quartile:

Quartile	Restaurant Count	Average EBITDA from Operations	# of Restaurants in Quartile Above Average EBITDA for Quartile	% of Restaurants in Quartile Above Average EBITDA for Quartile	Median EBITDA from Operations
Top Quartile	184	\$430,187	87	47%	\$419,621
Second Quartile	183	\$268,857	84	46%	\$252,052
Third Quartile	183	\$180,322	92	50%	\$181,582
Bottom Quartile	184	\$42,617	85	46%	\$33,022

Table 2 below provides summary data for the Measured Restaurants in each quartile and overall.

**TABLE 2**  
**Summary of Gross Revenues of Measured Restaurants**

Quartile	Restaurant Count	Minimum Gross Revenues	Maximum Gross Revenues	Average Gross Revenues	# of Restaurants Above Average Gross Revenues	% of Restaurants Above Average Gross Revenues	Median Gross Revenues
TOTAL SYSTEM	734	\$497,882	\$4,324,891	\$2,163,485	339	46%	\$2,106,633
Top Quartile	184	\$2,571,242	\$4,324,891	\$3,002,944	73	40%	\$2,893,229
Second Quartile	183	\$2,107,175	\$2,568,508	\$2,335,026	93	51%	\$2,338,784
Third Quartile	183	\$1,717,498	\$2,106,091	\$1,931,341	93	51%	\$1,932,640
Bottom Quartile	184	\$497,882	\$1,716,371	\$1,384,299	112	61%	\$1,458,515

## **Additional Information Regarding Item 19**

**Some Restaurants have sold or earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

Revenues, costs, and profits for a Restaurant can vary considerably due to a variety of factors, such as the length of time the Restaurant has been open; the Restaurant's location and the demographics of the population around the Restaurant; competition from other restaurants in the market; traffic flow, accessibility and visibility; economic conditions in the Restaurant's market; advertising and promotional activities; the business abilities and efforts of the management of the Restaurant; changes in eating habits and preferences; local, regional, and national economic conditions; and other factors. In addition, the acquisition of sites is highly competitive with other restaurant chains and retail businesses for suitable sites for the development of a Restaurant. You are urged to make your own independent investigation and evaluation of the potential performance of your Restaurant and to consult with appropriate financial, business and legal advisors in connection with the information provided.

Written substantiation for the financial performance representation will be made available to the prospective licensee upon reasonable request.

Other than the preceding financial performance representation, ZFL does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Amy C. Pritchett, 1040 Founder's Boulevard, Suite 100, Athens, Georgia 30606, (706) 353-8107, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20** **OUTLETS AND FRANCHISEE INFORMATION**

For purposes of each of the following tables, we have listed each Outlet operated by Zax or ZX TX, our affiliates, as a Company-owned Outlet and not as a Franchised Outlet. We do not operate any Outlets.