

We have registered, and filed all necessary affidavits and renewals for, the following marks on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration Number	Registration Date
ZAXBY'S	2,487,337	September 11, 2001
ZAX SNAK	2,529,454	January 15, 2002
ZAX SAUCE	2,563,243	April 23, 2002
TONGUE TORCH	2,653,300	November 26, 2002
ZALADS	2,720,810	June 3, 2003
ZAPPETIZERS	2,752,555	August 19, 2003
BUFFALO FINGERZ	2,811,812	February 3, 2004
ZAXBY'S REAL CHICKEN (with design)	2,868,595	August 3, 2004
ZAX PAK	2,870,574	August 3, 2004
ZESTABLE DIP	3,159,709	October 17, 2006
THE ZENSATION	3,402,748	March 25, 2008
ZAX KIDZ	3,562,678	January 13, 2009
NIBBLERZ MEAL	3,572,029	February 10, 2009
KIDZ NIBBLER	3,783,618	May 4, 2010
SILHOUETTE OF CHICKEN CIRCLE	4,090,478	January 24, 2012
ZAXBY'S	4,568,225	July 15, 2014
CHECK-IN FOR CHICKEN	4,572,443	July 22, 2014
ZAXBY'S (for charitable services)	4,619,980	October 14, 2014
THE OFFICIAL CHICKEN OF SPORTS FANZ	4,650,547	December 2, 2014
SILHOUETTE OF AVIATOR CHICKEN	4,804,122	September 1, 2015
CHICKENFLAGE	4,805,305	September 1, 2015
ZAXBY'S (with design)	4,805,330	September 1, 2015
LZ	4,835,204	October 20, 2015
LZ (with design)	4,840,020	October 27, 2015
ZUZY	4,894,408	February 2, 2016
ZAXBY'S AND SILHOUETTE OF CHICKEN CIRCLE	5,055,428	October 4, 2016
ZAXBY'S FANZ OF FLAVOR	5,195,746	May 2, 2017
INDESCRIBABLY GOOD	5,249,867	July 25, 2017
ZUZY (with design)	5,271,620	August 22, 2017

We have registered the following marks on the Supplemental Register of the United States Patent and Trademark Office:

Mark	Registration Number	Registration Date
KIDDIE FINGER	2,596,276	July 16, 2002
KIDDIE CHEESE	2,728,280	June 17, 2003

We do not have a Principal Register federal registration for KIDDIE FINGER or KIDDIE CHEESE. Therefore, these trademarks do not have many legal benefits and rights as a federal registration trademark on the Principal Register. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expense.

We have no currently effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administrator or court. We have no pending

infringement, opposition or cancellation proceeding or pending material federal or state court litigation regarding our use or ownership rights in a trademark.

No agreements significantly limit our right to use or license the use of our marks.

If any administrative or judicial proceeding arising from a claim or challenge to your use of any of our marks, you must immediately notify us, and we may take any such action as we deem appropriate in order to preserve and protect the ownership, identity and validity of the marks. We are only obligated to defend you from any claims arising from your use of our primary marks. If we decide to modify or discontinue the use of any mark and/or use one or more additional or substitute marks, you will be responsible for the tangible costs (such as replacing signs and materials) associated with such a change.

You must immediately notify us of any use of, or claims of rights to, a mark identical to or confusingly similar to our marks. We have the right, but not the obligation, to bring any action against any third party using such a similar mark. You are required to participate in any such action we bring against a third party at your own expense. We have the right to control any such litigation or administrative proceedings, including any settlement.

We have no actual knowledge of any superior prior rights or infringing uses which could materially affect your use of such marks.

#### **ITEM 14** **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We do not currently own any rights in or to any patents which are material to the operation of the Restaurant. We consider our recipes and certain aspects of our system to be proprietary trade secrets, protectable under common law and applicable state laws. We also claim common law copyrights to the Manual, operational and training materials, building plans and specifications, and other proprietary materials specifically created by us in connection with the system, including menus, menu boards, recipes, proprietary advertisements, all materials presented to prospective customers of our brand, all product related marketing research, certain information on web portal and printed materials and forms used in connection with the operation of a Restaurant. The Manual and other proprietary materials have not been registered with any copyright office.

You have no affirmative obligation to notify us of any infringement claims in regard to our copyrights.

We have no obligation to participate in or indemnify you for any infringement claims in regard to our copyrights. You must modify or discontinue use of the subject matter covered by any copyright if directed by us at your own expense.

We have no actual knowledge of any patent or copyright infringement that could materially affect you.

In operating a Restaurant in accordance with our System, you will obtain access to our confidential information and trade secrets. Except as specifically authorized, you must not communicate, divulge or use such confidential information or trade secrets. Each of your equity owners is required to execute confidentiality covenants and you are required to obtain similar covenants from each of your general and assistant managers.

**ITEM 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You must designate one person who owns at least 25% of your equity interests as your “**Designated Principal**.” The Designated Principal must have the authority to bind you to obligations relating to the License Agreement. The Restaurant must be under the direct, on-premises supervision of a fully-trained manager or a fully-trained assistant manager selected by you and approved by us. We do not require that the Designated Principal or other persons who directly or indirectly own an ownership interest in your entity (an “**Owner**”) provide direct on-premises supervision.

Each manager must successfully complete those portions of our initial training program required for their positions in their entirety. More information about our initial training program and its costs is contained in Items 6 and 11 of this Disclosure Document. Managers shall attend and complete special programs or periodic additional training as we may require upon at least 60 days prior notice.

Each Owner must jointly and severally guarantee your obligations to us under the License Agreement by executing and delivering a guaranty in substantially the form attached as **Attachment C** to the License Agreement. Spouses of Owners are not required to execute a guaranty. Each Owner must also execute a Noncompetition Agreement in the form attached as **Attachment D** to the License Agreement and a Confidentiality Agreement in the form attached as **Attachment E** to the License Agreement. In addition, you must require each of your managers to execute a Confidentiality Agreement in the form attached as **Attachment F** to the License Agreement, but your managers are not required to execute a Noncompetition Agreement.

If you are a multi-restaurant developer, in addition to having a Designated Principal for each Restaurant, you must appoint an individual developer representative who will devote his or her best efforts and constant personal attention to your activities under the Development Agreement. This developer representative must own at least 25% of your issued and outstanding equity and must have the authority to bind you to obligations relating to the Development Agreement. Each Owner of a multi-restaurant developer must jointly and severally guarantee your obligations to us under the Development Agreement. Each Owner of a multi-restaurant developer must execute a Guaranty in the form of **Schedule D** to the Multi-Restaurant Development Agreement and a Confidentiality Agreement in the form of **Schedule E** to the Multi-Restaurant Development Agreement.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

The License Agreement provides that you must offer only the products and services that we authorize in the Manual, as they may be updated from time to time, or in other written materials. You may not offer or sell products or services not authorized by us. You must offer all goods and services that we designate. We reserve the right to add or remove products and services to the system with no limitations. Items 8, 9 and 12, as well as the Manual, provide additional information regarding your specific obligations and limitations.

You must use the Restaurant’s premises only for operation of the Restaurant and for no other unrelated purpose. You may not offer for sale or sell products or services related to the Restaurant via the internet without our prior written approval.

There are no other limitations imposed by us on the persons to whom a licensee may provide products and services, except those imposed by the nature of the system itself. You may not advertise, offer for sale, or sell any products that are damaged, deteriorated, or "out-of-date", as provided in the Manual or as otherwise specified by us in writing. All such inferior items must be withdrawn from sale and removed from the premises of the Restaurant.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

Provision	Section in License Agreement ("LA") / Multi-Restaurant Development Agreement ("MDA")	Summary
a. Length of franchise term	LA §II.A MDA §II	LA – 10 years from opening of Restaurant  MDA (maximum number) - term ends 1 year after development schedule is fulfilled  MDA (non-maximum) - term ends when development schedule is fulfilled
b. Renewal or extension of the term	LA §II.B MDA §I.B. and §XII	LA – Subject to our requirements, we may allow you to renew for 1 additional successive 10 year term.  MDA (maximum number only) – you may extend the MDA if we increase the Maximum Number of Restaurants during the term of the MDA.
c. Requirements for you to renew or extend	LA §II.B MDA §I.B.	LA – provide written notice requesting permission to enter into a renewal term at least 6 months but not more than 12 months before expiration, accept renewal offer (if made), pass inspection, not in default, remit fee, attend renewal training, sign release, remain in possession of site and maintain permits and agree to remodel and upgrade requirements. You must execute our then-current License Agreement for the renewal term, which may have materially different terms and conditions than your original License Agreement.  MDA (maximum number development agreements only) – If we increase the Maximum Area Restaurants, respond within 30 days of our notice to express your intent to extend, and execute an extension and guaranty within 15 days of receipt from us.
d. Termination by you	Not Applicable	

Provision	Section in License Agreement ("LA") / Multi-Restaurant Development Agreement ("MDA")	Summary
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	LA §XIII MDA §VI	LA and MDA – we can only terminate if you are in default
g. "Cause" defined - curable defaults	LA §XIII.B.	<p>LA – you have 30 days to cure: failure to remit any fee to us, a co-op or affiliate of us, failure to submit reports, failure to comply with Manual or other written agreement with us, failure to fulfill duties, failure to maintain quality control standards applicable to marks, failure to complete required training, failure to obtain approval of marketing plans and materials</p> <p>MDA – Not applicable</p>
h. "Cause" defined - non-curable defaults	LA §XIII.A. MDA §VI	<p>LA – bankruptcy or levy, cessation of business, POS system defaults, gross understatement of Gross Sales, material misrepresentation, excessive use of alcohol or drugs, governmental noncompliance, trademark misuse, threat or danger to public safety, criminal conviction, fraud or similar judgment, unauthorized transfer, disclosure of confidential information or trade secrets, false books or records, failure to confirm site, obtain lease, construct Restaurant or open Restaurant within timelines, willful and repeated wrongful activities, failure to comply with product and quality control standards, termination of other license of same equity owner, repeated curable defaults, willful engagement in illegal, immoral or unethical activities, default in lease, default in contract with us or affiliate or operation of Restaurant at non-confirmed site</p> <p>MDA – fail to comply with Development Schedule, fail to perform obligations under agreement or License Agreement, bankruptcy or levy, or equity holder convicted of felony or crime or moral turpitude</p>
i. Your obligations on termination/non-renewal	LA §XIV MDA §IX, Sch. E.	<p>LA – obligations include complete de-identification, cease using the marks, pay amounts due, return materials, assign telephone listings, and comply with noncompetes and confidentiality agreements</p> <p>MDA – no disclosure of confidential information for two years and trade secrets for as long as they remain a trade secret</p>
j. Assignment of contract by us	LA §XII.A. MDA §VII.A.	LA and MDA – No restriction on our right to assign

Provision	Section in License Agreement ("LA") / Multi-Restaurant Development Agreement ("MDA")	Summary
k. "Transfer" by you - definition	LA §XII.B. MDA §VII.B.	LA and MDA – Includes transfer of contract, assets or ownership interests in you
l. Our approval of transfer by you	LA §XII.B. MDA §VII.B.	LA and MDA – We have the right to approve all transfers but will not unreasonably withhold approval subject to conditions
m. Conditions for our approval of transfer	LA §XII.B., XII.C. MDA §VII.B.	LA and MDA – No default, transferee qualifies and owners sign current agreement, release signed by you and owners; remodel/upgrade, arrange training, remit transfer fee, subordinate debt to ZFL, ZNMF, coops and ZMAA if seller financed sale (see also r, below)
n. Our right of first refusal to acquire your business	LA §XII.E	LA – We may match any bona fide offer for your business assets or ownership interest in you  MDA – Not applicable
o. Our option to purchase your business	LA §§XIV.J	LA – We reserve the right to purchase the tangible assets upon termination or expiration  MDA – Not applicable
p. Your death or disability	LA §XII.F	LA – We must approve transfer or estate must transfer business to approved third party within six months  MDA – Not applicable
q. Non-competition covenants during the term of the franchise	LA §XV.B., Att. E	LA – No competing business within 10 miles of your Restaurant  MDA – Not applicable
r. Non-competition covenants after the franchise is terminated or expires	LA §XV., Att. E	LA – No competing business for 2 years within 10 miles of your Restaurant  MDA – Not applicable
s. Modification of the agreement	LA §XVI. MDA §XIII.	LA and MDA – No modifications generally, but Manual, system and marks may be changed
t. Integration/merger clause	LA §XXIII. MDA §XIX.	LA and MDA – Only the terms of the License Agreement and Development Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document, the License Agreement, and the Development Agreement may not be enforceable.

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, 2017, we had 877 open and operating licensed Restaurants. Of these 877 Restaurants, 736 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 672 Licensee-Owned Restaurants that were open and operating during the entire 53-week period ending on December 31, 2017 (the “**Measured Restaurants**”). We did not include in the analysis (i) 141 Restaurants that were owned or controlled by our principal shareholders or our

affiliates and (ii) 64 Licensee-Owned Restaurants that were not open and operating for such entire 53-week period. During the 53-week period ending on December 31, 2017, four Restaurants closed which were excluded from the Measured Restaurants, but no Restaurant 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 26, 2016 to December 31, 2017. You may experience capitalized or other balance sheet expenditures that are not included in this cost and expense information. 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. Except where otherwise specifically indicated, this Item 19 utilizes data for the 53-week period beginning on December 26, 2016 and ending on December 31, 2017. 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