

## FRANCHISE DISCLOSURE DOCUMENT



## **SMOOTHIE HOLDINGS FC, LLC**

a Texas, limited liability company 14860 Montfort Drive, Suite 150 Dallas, Texas 75254 214-302-5911 www.smoothiefactory.com

You will operate a retail store offering primarily non-alcoholic, fruit-based "smoothie" beverages, frozen yogurt, yogurt-based beverages, fresh-squeezed fruit and vegetable juices, health foods, and nutritional supplements under the trade name SMOOTHIE FACTORY® and/or SMOOTHIE FACTORY JUICE BAR®. This disclosure document describes five types of franchise offerings: the SMOOTHIE FACTORY Traditional Store, the SMOOTHIE FACTORY Non-Traditional Store, the SMOOTHIE FACTORY-HUMBLE DONUT CO. Co-Branded Traditional Store and the SMOOTHIE FACTORY Non-Traditional Store Co-Branded with a Third-Party Concept.

The total investment necessary to begin operation of a SMOOTHIE FACTORY Traditional Store ranges from \$309,000 to \$429,700. This includes the \$42,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a SMOOTHIE FACTORY Non-Traditional Store ranges from \$177,500 to \$341,000. This includes the \$27,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a SMOOTHIE FACTORY-RED MANGO Co-Branded Traditional Store ranges from \$345,000 to \$465,500. This includes the \$47,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a SMOOTHIE FACTORY-HUMBLE DONUT CO. Co-Branded Traditional Store ranges from \$380,000 to \$515,500. This includes the \$47,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a SMOOTHIE FACTORY Non-Traditional Store Co-Branded with a Third-Party Concept ranges from \$76,500 to \$216,500. This includes the \$20,000 to \$27,000 that must be paid to the franchisor or an affiliate.

If you are acquiring development rights under our standard store development program, we require a commitment to develop at least two Stores. At the time you sign our Store Development Agreement, you will pay us a development fee equal to the initial franchise fees due for the Stores you commit to develop. For example, if you commit to develop two SMOOTHIE FACTORY Traditional Stores (assuming that the military veteran's program discount does not apply), the minimum development fee will be \$15,000 + \$15,000 = \$30,000. If both of your stores are SMOOTHIE FACTORY Non-Traditional Stores (assuming that the military veteran's program discount does not apply), then the minimum development fee will be \$\$7,500 + \$7,500 = \$15,000.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payments to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.** 

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Sherif Mityas at 14860 Montfort Drive, Suite 150, Dallas, Texas 75254 or 214-302-5932.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You



can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency listed on Exhibit G or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

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## **How to Use This Franchise Disclosure Document**

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about an outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only SMOOTHIE FACTORY business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been in involved in material litigation or bankruptcy proceedings.
What's it like to be a SMOOTHIE FACTORY franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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