

FRANCHISE DISCLOSURE DOCUMENT

MTY Franchising USA, Inc.
 9311 E Via De Ventura
 Scottsdale, Arizona 85258
 Telephone: 480-362-4800
 sweetfrog.com • kahalabrands.com



The franchisee will operate a “sweetFrog” store (“Shop”), which sells frozen yogurt using a self-serve delivery format, under a Franchise Agreement with MTY Franchising USA, Inc., the franchisor.

The total investment necessary to begin operation of a sweetFrog Shop and the amount paid to us or our affiliates is:

Type of Shop	Amount Paid to Us or Affiliates (Item 5)	Total Initial Investment (Item 7)
Shop in Traditional Venue	\$56,000 - \$61,000	\$226,500– \$444,500
Kiosk Shop	\$31,000 - \$36,500	\$95,600 – \$316,500
Standard Floor Plan Shop in Non-Traditional Venue	\$40,000 - \$46,500	
Truck	\$10,000	\$122,400 - \$219,300

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 payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Please 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 different formats, contact John Wuycheck, at 9311 E Via De Ventura, Scottsdale, AZ 85258 or 480-362-4800.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as a lawyer or an 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, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency 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.

Issuance Date: April 1, 2019 as amended October 9, 2019.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or to file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit I for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION, ARBITRATION, AND/OR MEDIATION ONLY IN THE CITY WHERE OUR OFFICES ARE THEN LOCATED, WHICH IS CURRENTLY SCOTTSDALE, ARIZONA. OUT-OF-STATE LITIGATION, ARBITRATION, AND/OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE, ARBITRATE, AND/OR MEDIATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATE THAT ARIZONA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE AND OUR AFFILIATES MAY ESTABLISH OTHER CHANNELS OF DISTRIBUTION AND SELL OR DISTRIBUTE ANY PRODUCT OR SERVICE TO THE GENERAL PUBLIC, UNDER THE SAME AND/OR DIFFERENT TRADEMARK, IN COMPETITION WITH THE FRANCHISE.
4. IF WE TERMINATE THE FRANCHISE AGREEMENT BECAUSE YOU DEFAULT, YOU WILL BE REQUIRED TO PAY US LIQUIDATED DAMAGES EQUAL TO YOUR AVERAGE WEEKLY ROYALTY FEES FOR THE IMMEDIATELY PRECEDING 52 WEEK PERIOD MULTIPLIED BY THE LESSER OF 104 WEEKS OR THE NUMBER OF WEEKS REMAINING IN THE TERM OF THE AGREEMENT. YOU DO NOT HAVE A RIGHT TO TERMINATE THE AGREEMENT BECAUSE WE DEFAULT.
5. ALL OWNERS OF THE FRANCHISE AND THEIR SPOUSES WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNERS(S) AT RISK.
6. APPROXIMATELY 95% OF FRANCHISOR'S PARENT'S, MTY FRANCHISING USA, INC., ASSETS ARE INTANGIBLE OR INVESTMENTS IN SUBSIDIARIES. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
7. MUCH OF THE SUPPORT, TRAINING, AND PRE AND POST OPENING OBLIGATIONS TO FRANCHISEES, AND MARKETING AND ADVERTISING SUPPORT SERVICES WILL BE PROVIDED BY AN AFFILIATE OF THE FRANCHISOR, KAHALA MANAGEMENT, L.L.C. THE FINANCIAL STATEMENTS OF KAHALA MANAGEMENT, L.L.C. ARE NOT CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT AND WILL NOT BE PROVIDED TO FRANCHISEES
8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral **sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you.** We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATE PAGE

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date:
California	April 1, 2019 as amended October 9, 2019
Florida	April 1, 2019 as amended October 9, 2019
Hawaii	Not Registered
Illinois	April 1, 2019 as amended October 9, 2019
Indiana	April 1, 2019 as amended October 9, 2019
Kentucky*	May 3, 2019*
Maryland	PENDING
Michigan	PENDING
Minnesota	Not Registered
Nebraska*	Not Registered
New York	April 1, 2019 as amended October 9, 2019
North Dakota	PENDING
Rhode Island	Not Registered
South Dakota	PENDING
Texas*	May 14, 2019*
Utah	April 1, 2019 as amended October 9, 2019
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

The effective date for all other states in which franchises may be offered is as amended

* Denotes one-time filing.

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