

FranCompareTM

116 ETHNIC FOODS FRANCHISORS - 2019 FDD SURVEY & IN-DEPTH ANALYSIS

Noodles & Company

Legal Name: Noodles & Company

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Summary	
Franchised Units	65
Company-Owned Units	<u>394</u>
Total Operatng Units	459
Average Total Investment Per Unit	\$808,500
Average Franchise Fee	\$35,000
Royalty	5.0%
Term of Initial Contract (Years)	20
In Business Since	1995
IFA Member	Yes

Weighting for Primary FDD Variables (300 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Key Unit Investment Variables					
Year-End Total Franchised Units	20	65			
Year-End Total Company-Owned Units	20	394			
Year-End Total Operating Units	Calculated	459	50		50
% of Franchised Units	Calculated	14.2%			
% of Company-Owned Units	Calculated	85.8%	4		10
U.S. Footprint (# of U.S. States)	20	14	26		35
Total Low Investment	Page 1	\$641,000			
Total High Investment	Page 1	\$976,000			
Average Total Investment Per Unit	Calculated	\$808,500			
Low Unit Size Estimate (Square Feet)	7	2,500			
High Unit Size Estimate (Square Feet)	7	2,900			
Average Unit Size (Square Feet)	Calculated	2,700			
Average Total Investment Per Square Foot	Calculated	\$299			
Average Franchise Fee (Single Unit)	5	\$35,000	24		40
Average Annual Royalty Fee (On-Going After Trial Period)	6	5.0%	85		90
Term of Initial Contract (Years)	17	20	35		35
Term of First Contract Renewal (Years)	17	10+10	20		20
Average Transfer Fee (Single Unit)	6	\$3,500	10		10
Year Incorporated	1	1995	10		10
Franchising Since	1	2003			
Issuance Date of FDD (Issue Date)	Page 1	4/3/2019			

Weighting for Primary FDD Variables (250 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Real Unit Growth - Item 20 Performance Analytics					
Base-Year Beginning Franchised Units	20	70			
New Franchised Units Over Following 3 Years	Calculated	9			
Total Franchised Units at the End of Year 3	20	65			
% of New Units Over Base Year Units	Calculated	12.9%	6		40
3-Year Compound Annual Unit Growth	Calculated	-2.4%	0		70
3-Year Average Continuity Rate	Calculated	97.9%	100		140

Weighting for Primary FDD Variables (350 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Real Unit Performance - Item 19 Unit Financial Analytics					
Company-Wide Average Gross Sales or Revenue	19	\$1,153,410			
Period Operated	19	12 Months			
Calculation Based on # of Units Evaluated	19	65 of 65			
Calculation Based on Franchised Units or Company-Owned Units	19	Franchised			
% Adjustment *	19 (See Footnote 1)	100%			
Adjusted Average Gross Sales or Revenue	Calculated	\$1,153,410			
Adjusted Unit Gross Sales Return / Average Total Investment	Calculated	142.7%	130		175
Cumulative 10-Year Gross Sales (Compound at 5% Growth Per Year)	Calculated	\$15,232,840			
10-Year Sales / Average Total Investment	Calculated	18.8	45		75
10-Year Total Royalty Payments	Calculated	\$761,642			
10-Year Royalties / Average Total Investment	Calculated	94.2%	50		50
Detailed Income Statement (EBITDA Is Optimal)		30.0%	15		50

Weighting for Primary FDD Variables (100 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Real Financial Strength - Key Balance Sheet Ratios (\$000)					
Ending Date for Financials (Closing Date on Balance Sheet)	Balance Sheet	1/1/2019			
Current Assets	Balance Sheet	\$23,351			
Intangibles & Goodwill *	Balance Sheet (See Footnote 2)	\$7,691			
Other Assets	Balance Sheet	\$140,990			
Total Assets	Balance Sheet	\$172,032			
Current Liabilities	Balance Sheet	\$33,147			
Long-Term Liabilities	Balance Sheet	\$86,204			
Total Liabilities	Balance Sheet	\$119,351			
Total Shareholders' Equity	Balance Sheet	\$119,351			
Total Liabilities & Shareholders' Equity	Balance Sheet	\$52,681			
Current Ratio (or Working Capital Ratio)	Calculated	70.4%	4		25
Intangibles & Goodwill As % of Total Assets	Calculated	4.5%	19		20
Total Liabilities as % of Total Assets Ratio	Calculated	69.4%	25		35
Long-Term Liabilities as % of Shareholders' Equity Ratio	Calculated	163.6%	0		20

Weighting for Primary FDD Variables (200 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Additional Analysis on Real Unit Growth - Item 20 Performance Analytics					
3-Year Total Closures		14			
Cumulative Closures as % of Start of the Year Units	Calculated	20.0%	24		45
Cumulative Closures As % of Total New Units Over 3 Years	Calculated	155.6%	0		45
3-Year Total Transfers		0			
Cumulative Transfers As % of Start of the Year Units	Calculated	0.0%	25		25
Cumulative Transfers As % of Total New Units Over 3 Years	Calculated	0.0%	25		25
3-Year Total Turnovers		14			
Cumulative Turnovers As % of Start of the Year Units	Calculated	20.0%	16		30
Cumulative Turnovers As % of Total New Units Over 3 Years	Calculated	155.6%	0		30

Total Score (Including Item 19 Data)	748		1,200
Total Score (Excluding Item 19 Data)	508		850

Footnotes:

- Please refer to the [General Footnotes](#) with regard to Determining Adjusted Average Gross Sales or Revenue. To compensate for the widely differing periods considered in presenting Average Unit Gross Sales, we have assumed that revenues for companies in business for 12 Months are the standard. Depending upon the **Period Operated** noted above, the following multipliers were applied against the Company-Wide Average Gross Sales or Revenue published by the franchisor in Item 19.

Period of Operating Experience	Multiplier Used
12 Months of Operating Experience	100%
24 Months of Operating Experience	95%
36 Months of Operating Experience	90%
48 Months of Operating Experience	85%
60 Months of Operating Experience	80%

- Goodwill & Intangibles include Trademarks.