

Provision	Section in Agreement	Summary
r. Non-competition covenants after the franchise is terminated, assigned or expires	Section 20.2 of Franchise Agreement	You and your spouse must have no involvement in any way in any haircare or personal grooming business, beauty schools, barber schools, cosmetology schools, or any business selling hair products for one year after the termination, assignment or expiration of the Franchise Agreement anywhere within five miles of any GREAT CLIPS® salon.
s. Modification of the agreement	Section 22.2 of Franchise Agreement	There will be no modifications generally, but the Operations Manual, other manuals, various policies, fees for additional training, required purchases and services, and the Marks are subject to change.
t. Integration / merger clause	Section 22.2 of Franchise Agreement	Only the terms of the Franchise Agreement are binding. Any other promises or representations outside the Franchise Agreement or this Disclosure Document are not authorized and are not binding or enforceable against Great Clips. Subject to state law. See state addenda.
u. Dispute resolution by arbitration or mediation	Sections 16.1-16.3 and 16.5 of Franchise Agreement Section 11 of Master Development Agreement	All disputes must be arbitrated in Minneapolis, Minnesota, subject to certain exceptions. All disputes must be arbitrated in Minneapolis, Minnesota, subject to certain exceptions. Subject to state law. See State Addenda attached as Exhibit P.
v. Choice of forum	Section 16.5 of Franchise Agreement Section 11 of Master Development Agreement	All legal proceedings must be held in Hennepin County, Minnesota. All legal proceedings must be held in Hennepin County, Minnesota. Subject to state law in certain states. See State Addenda attached as Exhibit P.
w. Choice of law	Section 22.1 of Franchise Agreement	The governing law will be the laws of the state in which the Authorized Location is located. Subject to state law in certain states. See State Addenda attached as Exhibit P.

Item 18

PUBLIC FIGURES

Great Clips does not currently use any public figure to promote its franchise but reserves the right to do so in the future.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide 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.

In Section I and Table 1 below, Great Clips provides prospective franchisees with information regarding 2024 average sales of a certain subset of franchised GREAT CLIPS® salons (defined below as the “2024 Salons”). In addition, in Section II and Tables 2, 3 and 4 below, Great Clips provides prospective franchisees with information regarding 2024 average sales, expenses and cash flows of a certain smaller subset of franchised GREAT CLIPS® salons (defined below as the “Reporting 2024 Salons”).

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request, provided, however, that such substantiation shall not disclose the sales, expenses or cash flows of any specific franchised salon without the written authorization of the franchisee, except as required by any applicable state or federal registration authorities.

The average sales data included in Table 1 below was obtained from reviewing Great Clips’ internal point of sale system (“POS System”), the system where franchisees input their salon sales numbers. Where sales data was reported by franchisees to Great Clips in Canadian dollars, Great Clips converted the reported Canadian dollars into the U.S. dollar equivalency by using a conversion rate of 0.73. Neither Great Clips nor its independent certified public accountants have independently audited or verified the financial information contained in the POS System.

The average sales, expenses, profits, cash flows and earnings data included in Tables 2 and 3 below was obtained from financial statements submitted to Great Clips by certain of its franchisees. Most franchisees use a cash versus accrual system for producing their financial statements, which may produce slight differences between the actual date of occurrence of expenses and the date such expenses are reported on the franchisee’s financial statements. Where sales, expenses, profits, cash flows and earnings data was reported by franchisees to Great Clips in Canadian dollars, Great Clips converted the reported Canadian dollars into the U.S. dollar equivalency by using a conversion rate of 0.73. Neither Great Clips nor its independent certified public accountants have independently audited or verified these franchisee statements.

All GREAT CLIPS® salons offer substantially the same services and products to the public. Sales, expenses and cash flow results depend upon many independently variable factors including, but by no means limited to, the location and visibility of the salon, local traffic patterns, the demographic composition, age of the market and trends of the market area served by the salon, the competitive environment, public awareness of and goodwill associated with the name GREAT CLIPS®, the region and market area in which the salon is located, the length of time the salon has been in operation, the quality of the management and service at the salon, labor costs, the individual skills of the franchisee and other factors.

Many GREAT CLIPS® franchisees operate more than one salon. As of December 31, 2024, the average number of salons per franchisee who has operated GREAT CLIPS® salons for over five years is 8, and the median number of salons per franchisee who has operated GREAT CLIPS® salons for over five years is 5.

SECTION I

AVERAGE YEARLY SALES ALL SALONS ELIGIBLE TO BE OPEN DURING THE ENTIRE 2024 PERIOD

As of December 31, 2024, there were 4,439 GREAT CLIPS® salons eligible to be open in the United States and Canada. Of these 4,439 GREAT CLIPS® salons in the United States and Canada as of December 31, 2024, 4,147 are included in the Table 1 below (the “2024 Salons”). To be considered a 2024 Salon, the salon must have been eligible to be open (as defined below) during the entire time period from January 1, 2024 to December 31, 2024 (the “2024 Period”). A salon is considered “eligible to be open” if Great Clips has entered into a franchise agreement for the salon and approved and authorized the salon to be open and operating as a GREAT CLIPS® salon. The 292 GREAT CLIPS® salons that were eligible to be open as of December 31, 2024, but not included among the 2024 Salons in Table 1 below, were excluded because those salons were either: (1) not approved or authorized to be open for business on January 1, 2024 and during the entire 2024 Period, or (2) assigned to a new franchisee and changed ownership during the 2024 Period. The hours of operation for the 4,147 GREAT CLIPS® salons included in this Section I varied from salon to salon during the 2024 Period. Table 1 below contains information relating solely to historical sales data compiled from the 2024 Salons for the 2024 Period.

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TABLE 1
AVERAGE YEARLY SALES
ALL SALONS ELIGIBLE TO BE OPEN DURING THE ENTIRE 2024 PERIOD

# of 2024 Salons	Average Annual Sales ¹		Number / Percent that Attained or Exceeded Average	Low / High	Median
4,147	Service Sales ²	\$388,522	1,854 / 44.71%	\$37,607 / \$1,065,849	\$371,729
	Product Sales ³	\$10,657	1,581 / 38.12%	\$193 / \$84,732	\$8,925
	Total Sales ⁴	\$399,179	1,857 / 44.78%	\$37,920 ⁵ / \$1,099,873	\$382,316

Notes to Table 1

1. Average Annual Sales. “Average Annual Sales” means the average of the annual sales of the 2024 Salons for the 2024 Period broken out by sales categories.
2. Service Sales. “Service Sales” means all sales from a GREAT CLIPS® salon for services, including without limitation haircuts, shampooing, conditioning, styling, bang trims, neck trims or beard trims.
3. Product Sales. “Product Sales” means all sales from a GREAT CLIPS® salon for products, including without limitation shampoo, conditioner, gel, and hairspray.
4. Total Sales. “Total Sales” means total of Service Sales and Product Sales from a from a GREAT CLIPS® salon.
5. Lowest Salon – Total Sales. Of the 2024 Salons, the lowest amount in Total Sales at any salon was \$37,920. This particular salon was not open to customers from May 1, 2024 through December 31, 2024, but is included among the 2024 Salons because the salon was eligible to be open during the entire 2024 Period, notwithstanding that the salon was closed for 8 months during the 2024 Period.

During the 2024 Period, 103 GREAT CLIPS® salons in the United States and Canada closed and permanently ceased operations, and among these salons, 0 closed and permanently ceased operations after being open less than 12 months. The salons described in the preceding sentence are among those excluded from Table 1 above.

SECTION II

AVERAGE OPERATING CASH FLOW OF CERTAIN GREAT CLIPS® SALONS
GENERAL DESCRIPTION AND METHODOLOGY

The following statement (referred to in this Disclosure Document as the “Average Operating Cash Flow Statement”) consists of the average sales and expenses of 2,175 of the 2024 Salons (totaling

4,147) that provided sufficient data to Great Clips (the “Reporting 2024 Salons”) to allow Great Clips to include them in the Average Operating Cash Flow Statement. The number of Reporting 2024 Salons is 2,175. 2024 Salons that provided Great Clips with no or insufficient data to be reasonably assured of having accurate and complete expense information were excluded (the “Non-Reporting 2024 Salons”). The number of Non-Reporting 2024 Salons is 1,972.

The Non-Reporting 2024 Salons were not distributed evenly over the entire dataset, based on total sales. Of the Non-Reporting 2024 Salons, 834 had total sales at or above the median of the Reporting 2024 Salons, and 1,138 had total sales below the median of the Reporting 2024 Salons. If all 1,972 Non-Reporting 2024 Salons had been included in the metrics reported for the Reporting 2024 Salons, the median total sales in the Reporting 2024 Salons would have decreased by 2.9% and the net operating cash flow would have decreased by a larger percent.

The average expenses, profits, cash flows and earnings data included in Tables 2 and 3 below was obtained from financial statements submitted to Great Clips by the Franchisees of the Reporting 2024 Salons. The time frame or accounting period of these financial statements was the most current available to Great Clips, but, in some cases, did not match the exact time frame from which sales figures were drawn. Therefore, some information was annualized to extract a full year’s worth of data. Tables 2 and 3 below contain information relating solely to historical sales and expense data compiled from the Reporting 2024 Salons for the 2024 Period.

TABLE 2
AVERAGE OPERATING CASH FLOW STATEMENT
OF REPORTING 2024 SALONS

Average Annual Sales ¹	Average Annual Sales	Percent of Total Sales	Median Annual Sales
Service Sales ³	\$401,893 ¹²	97.22%	\$383,249
Product Sales ³	<u>11,497¹³</u>	<u>2.78%</u>	<u>9,697</u>
Total Sales ³	\$413,389 ¹⁴	100.00%	\$393,907
Average Annual Expenses ²	Average Annual Expenses	Percent of Total Expenses	Median Annual Expenses
Labor ⁴	\$202,219	48.92%	\$193,568
Occupancy ⁵	44,775	10.83%	44,019
Products ⁶	7,224	1.75%	6,489
Continuing Franchise Fees ⁷	24,932	6.03%	23,761
Advertising ⁸	22,004	5.32%	21,052
Other ⁹	<u>29,598</u>	<u>7.16%</u>	<u>27,468</u>
Total Expenses ¹⁰	\$330,752	80.01%	\$319,722
Operating Cash Flow ¹¹	\$82,637	19.99%	\$75,851

TABLE 3
AVERAGES BASED ON SALES RANGE
OF REPORTING 2024 SALONS

<u>Salons</u>				<u>Average Expenses as a % of Sales</u>					
Average Annual Sales Range (\$ in 000's)	Count	%	Average Annual Sales in Range	Labor	Occupancy	All Other	Total	Cash Flow (%)	Cash Flow (\$)
<\$250	196	9.01%	\$208,509 ¹⁷	57.95%	19.50%	24.30%	101.74%	-1.74%	(\$3,635)
\$250 - \$300	258	11.86%	\$276,787 ¹⁸	53.78%	15.48%	22.84%	92.10%	7.90%	\$21,875
\$300 - \$350	335	15.40%	\$324,702 ¹⁹	50.88%	13.27%	21.55%	85.70%	14.30%	\$46,424
\$350 - \$400	342	15.72%	\$375,725 ²⁰	48.91%	11.94%	20.63%	81.49%	18.51%	\$69,565
\$400 - \$450	291	13.38%	\$424,099 ²¹	48.88%	10.43%	20.18%	79.48%	20.52%	\$87,014
\$450 - \$500	241	11.08%	\$474,295 ²²	47.58%	9.76%	19.61%	76.94%	23.06%	\$109,367
\$500 - \$600	289	13.29%	\$544,879 ²³	46.54%	8.52%	19.17%	74.23%	25.77%	\$140,420
>\$600	223	10.25%	\$692,295 ²⁴	46.34%	7.23%	18.45%	72.02%	27.98%	\$193,727
All Salons in Sample	2,175	100%	\$413,389	48.92%	10.83%	20.26%	80.01%	19.99%	\$82,637

Notes to Tables 2 and 3

1. **Average Annual Sales.** “Average Annual Sales” means the average of the annual sales of the Reporting 2024 Salons for the 2024 Period broken out by sales categories.
2. **Average Annual Expenses.** “Average Annual Expenses” means the average of the annual expenses of the Reporting 2024 Salons for the 2024 Period broken out by expense categories.
3. **Service Sales, Product Sales and Total Sales.** The definitions of “Service Sales,” “Product Sales” and “Total Sales” in Notes 2, 3 and 4 to Table 1 above also apply to Tables 2 and 3.
4. **Labor.** “Labor” includes all employee-related expenses including: wages, salary, bonus, commission, payroll taxes, insurance benefits, other benefits, and workers’ compensation expenses. Also includes the cost of salon manager but excludes, if identifiable, any labor expense related to general manager or franchisee.
5. **Occupancy.** “Occupancy” includes all rent, common area maintenance, real estate taxes plus percentage rent paid, if any. Also includes any other lease-related charges such as maintenance, security, trash removal, merchant association dues or charges or shopping center promotional expenses.
6. **Products.** “Products” includes the cost of all product purchased for resale or for back bar customer service usage plus all freight or delivery costs associated with the product.

7. Continuing Franchise Fees. All GREAT CLIPS® salons in the System pay identical Continuing Franchise Fees of 6%. The model is not exactly 6% due to the fact that the franchisees predominately use a cash rather than accrual basis for accounting purposes.
8. Advertising. All GREAT CLIPS® salons in the System pay identical amounts of 5% of gross sales into the Ad Fund. In addition, virtually all franchisees participate in other discretionary advertising on a local or regional basis.
9. Other. This “Other” category includes all other cash expense items and categories not included elsewhere. These would include: travel and entertainment, supplies, dues and subscriptions, telephone, utilities, non-real estate repairs and maintenance, insurance, postage, freight, bad debts, taxes and fees, cash over/short, recruitment expense, laundry, meals, equipment purchase, credit card charges, accounting and legal, payroll processing, employee theft/losses, deposits, bank charges, uniforms, licenses, contributions, meeting expenses, bad checks, printing, inventory differences, computer charges, extraneous gift card and convention expenses.
10. Total Expenses. “Total Expenses” means the total expenses of Labor, Occupancy, Products, Continuing Franchise Fees, Advertising and Other incurred by a GREAT CLIPS® salon.
11. Operating Cash Flow. “Operating Cash Flow” was calculated by subtracting Total Expenses from Total Sales. Operating Cash Flow does not include any provision for income taxes or for non-cash expenses such as depreciation or amortization. It also does not include any reserve for future capital expenditures.
12. Additional Service Sales Information. Of the 2,175 Reporting Salons, the highest actual annual service sales were \$1,065,849 and the lowest actual annual service sales were \$40,350. Further, 967 Reporting 2024 Salons (or 44.5%) exceeded the average. The median annual service sales for the group were \$383,249.
13. Additional Product Sales Information. Of the 2,175 Reporting Salons, the highest actual annual product sales were \$84,732 and the lowest actual annual product sales were \$842. Further, 835 Reporting 2024 Salons (or 38.4%) exceeded the average. The median annual product sales for the group were \$9,697.
14. Additional Total Sales Information. Of the 2,175 Reporting Salons, the highest actual annual total sales were \$1,099,873 and the lowest actual annual total sales were \$41,237. Further, 966 Reporting 2024 Salons (or 44.4%) exceeded the average. The median annual total sales for the group were \$393,907.
15. Additional Total Expenses Information. Of the 2,175 Reporting Salons, the highest actual annual total expenses were \$743,657 and the lowest actual annual total expenses were \$82,420. Further, 976 Reporting 2024 Salons (or 44.9%) met or were below the average. The median annual total expenses for the group were \$319,722.

16. Additional Operating Cash Flow Information. Of the 2,175 Reporting Salons, the highest actual annual operating cash flow was \$412,669 and the lowest actual annual operating cash flow was -\$116,986. Further, 995 Reporting 2024 Salons (or 45.7%) exceeded the average. The median annual operating cash flow for the group was \$75,851.
17. Additional Average Annual Sales Information for <\$250 Annual Sales Range. Of the 196 Reporting 2024 Salons in the Less Than \$250k Annual Sales Range, the highest actual annual sales in this group were \$249,238 and the lowest actual annual sales in this group were \$41,237. Further, 118 Reporting 2024 Salons in this group (or 60.2%) exceeded the average. The median sales figure for this group is \$215,764.
18. Additional Average Annual Sales Information for \$250 - \$300 Annual Sales Range. Of the 258 Reporting 2024 Salons in the \$250k - \$300k Annual Sales Range, the highest actual annual sales in this group were \$299,885 and the lowest actual annual sales in this group were \$250,065. Further, 132 Reporting 2024 Salons in this group (or 51.2%) exceeded the average. The median sales figure for this group is \$277,617.
19. Additional Average Annual Sales Information for \$300 - \$350 Annual Sales Range. Of the 335 Reporting 2024 Salons in the \$300k - \$350k Annual Sales Range, the highest actual annual sales in this group were \$349,576 and the lowest actual annual sales in this group were \$300,302. Further, 170 Reporting 2024 Salons in this group (or 50.7%) exceeded the average. The median sales figure for this group is \$325,029.
20. Additional Average Annual Sales Information for \$350 - \$400 Annual Sales Range. Of the 342 Reporting 2024 Salons in the \$350k - \$400k Annual Sales Range, the highest actual annual sales in this group were \$399,933 and the lowest actual annual sales in this group were \$350,098. Further, 170 Reporting 2024 Salons in this group (or 49.7%) exceeded the average. The median sales figure for this group is \$375,684.
21. Additional Average Annual Sales Information for \$400 - \$450 Annual Sales Range. Of the 291 Reporting 2024 Salons in the \$400k - \$450k Annual Sales Range, the highest actual annual sales in this group were \$449,905 and the lowest actual annual sales in this group were \$400,143. Further, 146 Reporting 2024 Salons in this group (or 50.2%) exceeded the average. The median sales figure for this group is \$424,119.
22. Additional Average Annual Sales Information for \$450 - \$500 Annual Sales Range. Of the 241 Reporting 2024 Salons in the \$450k - \$500k Annual Sales Range, the highest actual annual sales in this group were \$499,821 and the lowest actual annual sales in this group were \$450,046. Further, 117 Reporting 2024 Salons in this group (or 48.5%) exceeded the average. The median sales figure for this group is \$472,995.
23. Additional Average Annual Sales Information for \$500 - \$600 Annual Sales Range. Of the 289 Reporting 2024 Salons in the \$500k - \$600k Annual Sales Range, the highest actual annual sales in this group were \$599,834 and the lowest actual annual sales in this group

were \$500,414. Further, 147 Reporting 2024 Salons in this group (or 50.9%) exceeded the average. The median sales figure for this group is \$546,430.

24. Additional Average Annual Sales Information for >\$600 Annual Sales Range. Of the 223 Reporting 2024 Salons in the \$600k or More Annual Sales Range, the highest actual annual sales in this group were \$1,099,873 and the lowest actual annual sales in this group were \$600,081. Further, 85 Reporting 2024 Salons in this group (or 38.1%) exceeded the average. The median sales figure for this group is \$668,820.

TABLE 4
LOCATION OF REPORTING 2024 SALONS

The 2,175 Reporting 2024 Salons were located in the following states/provinces:

State/Province	Number of Salons
Alberta	16
British Columbia	26
Ontario	26
Alabama	32
Arkansas	4
Arizona	91
California	120
Colorado	28
Delaware	11
Florida	122
Georgia	148
Hawaii	6
Iowa	29
Idaho	23
Illinois	83
Indiana	91
Kansas	38
Kentucky	49
Louisiana	1
Maryland	13
Maine	3
Michigan	73
Minnesota	40
Missouri	42
Mississippi	2
Montana	14
North Carolina	165
North Dakota	8
Nebraska	19
New Hampshire	3
New Jersey	21
Nevada	30
New York	12
Ohio	198
Oklahoma	18
Oregon	37
Pennsylvania	80
Rhode Island	2
South Carolina	56
Tennessee	30
Texas	257

Virginia	37
Vermont	2
Washington	50
Wisconsin	5
West Virginia	8
Wyoming	6

Some salons have sold and earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.

Newly opened GREAT CLIPS® salons tend to have average sales and cash flows significantly below the average for the salons included in Tables 1, 2 and 3 above. This is especially true of new GREAT CLIPS® salons opened by new franchisees in markets that have few existing salons. Markets with many GREAT CLIPS® salons and correspondingly larger cooperative advertising budgets tend to have salons with higher sales and cash flows than markets with few existing salons.

You are responsible for developing your own business plan for your proposed GREAT CLIPS® salon, including capital budgets, pro forma financial statements, sales and expense projections and other elements appropriate to the particular circumstances of the proposed salon.

Other than the preceding financial performance representation, Great Clips, Inc. 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 information or projections of your future income, you should report it to the franchisor's management by contacting Kerry Bundy, Chief Legal Officer at (952) 893-9088, the Federal Trade Commission, and the appropriate state regulatory agencies.