

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 that 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.

At the end of calendar year 2017, there were 1,644 franchised Sport Clips stores. The 2 Statements of Gross Sales below do not include 4 stores in Rochester, New York, which are not typical Sport Clips stores and operate under a special limited services license agreement that is not offered to new franchisees. We know that the gross sales of the stores in Rochester, New York are, on average, less than other stores in the System. The 2 Statements of Gross Sales below also do not include 56 Company-owned stores located in Austin, Texas Las Vegas, Nevada, Little Rock, Arkansas and Oklahoma City, Oklahoma.

All stores included in the Statements of Gross Sales did not receive any services that were not generally available to other Sport Clips stores, and each store offered similar products and services as would generally be offered by a typical Sport Clips store.

The gross sales figures included in the first Statement of Gross Sales below are based upon all 1,224 Sport Clips franchise stores that were in continual operation for the entire calendar years of 2015, 2016, and 2017. The gross sales figures are taken directly from gross sales reports made by the stores to the Company.

STATEMENT OF GROSS SALES YEAR 2017 GROSS SALES AS REPORTED TO THE COMPANY (1,224 Stores In Continual Operation During 2015, 2016 and 2017)		
Gross Sales	Number of Stores	Percentage of Stores/Cumulative % of stores at each level or higher
Over \$600,000	106	9%/9%
\$500,001 - \$600,000	169	14%/23%
\$450,001 - \$500,000	124	10%/33%
\$400,001 - \$450,000	143	12%/44%
\$350,001 - \$400,000	218	18%/62%
\$300,001 - \$350,000	214	17%/80%
\$250,001 - \$300,000	152	12%/92%
Less than \$250,000	98	8%/100%
Total	1,224	100%

These 1,224 stores had average sales of \$409,032 for the entire year 2017. 521 stores had sales above this average, and 703 stores had sales lower than the average. The median sales for these 1,224 stores was \$384,640 for the entire year of 2017.

The gross sales figures included in the second Statement of Gross Sales below are based upon all 1,370 Sport Clips franchise stores and Company-owned stores that were in continual operation for the entire calendar years of 2016 and 2017. The gross sales figures are taken directly from gross sales reports made by the stores to the Company.

STATEMENT OF GROSS SALES YEAR 2017 GROSS SALES AS REPORTED TO THE COMPANY (1,370 Stores In Continual Operation During 2016 and 2017)		
Gross Sales	Number of Stores	Percentage of Stores/ Cumulative % of stores at each level or higher
Over \$600,000	106	8%/8%
\$500,001 - \$600,000	174	13%/20%
\$450,001 - \$500,000	126	9%/30%
\$400,001 - \$450,000	152	11%/41%
\$350,001 - \$400,000	231	17%/58%
\$300,001 - \$350,000	241	18%/75%
\$250,001 - \$300,000	189	14%/89%
Less than \$250,000	151	11%/100%
Total	1,370	100%

These 1,370 stores had average sales of \$396,397 for the entire year 2017. 577 stores had sales above this average, and 793 stores had sales lower than the average. The median sales for these 1,370 stores was \$371,171 for the entire year of 2017.

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

The financial performance representations above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Sport Clips franchise. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

In addition to actual sales, an important metric for any retail business is the growth in same store sales year-over-year. For the fourth quarter of 2017, the 1,469 franchised stores that were open one year or more at the beginning of the quarter averaged \$7,383 per week in sales,

which annualized would be \$383,916. 627 stores had average sales higher than this amount, and 842 had lower sales. This was an increase for these same stores over the fourth quarter of 2016 of 3.0%. The median sales for these same 1,469 stores was \$6,891 for the fourth quarter of 2017, which annualized would be \$358,332.

The following chart illustrates store sales growth over the last five years measured by average weekly revenues for all stores open for at least 13 months at the end of the indicated year. Percent change represents growth over the previous year. The chart below does not include the 4 stores in Rochester, New York, which are not typical Sport Clips stores and operate under a special limited services license agreement that is not offered to new franchisees. It also does not include any Company-owned stores or stores that were not in continual operation during the calculated period. The stores included in the chart below did not receive any services that were not generally available to other Sport Clips stores. Each store offered similar products and services as would generally be offered by a typical Sport Clips store, and the Company received sales report information directly from the franchisee.

Sales Growth for Stores Continually Open for at Least 13 Months

	2013 (938 stores)	2014 (1,096 stores)	2015 (1,246 stores)	2016 (1,386 stores)	2017 (1,483 stores)
Percent Sales Growth	6.7%	8.2%	8.4%	7.0%	3.5%

Expense Reports for Company-Owned Stores During 2017

The Expense Report below shows the average expenses at each store's sales level and those expenses as a percentage of total revenue in each column.

We owned and operated 56 stores in the Austin, Texas, Las Vegas, Nevada, Little Rock, Arkansas and Oklahoma City, Oklahoma markets during 2017.

We are not offering franchises in these markets.

The Expense Report below excludes one store that is operated in a substantially different environment and the results of our 12 Company-owned stores in Little Rock, Arkansas and our 12 Company-owned stores in Oklahoma City, Oklahoma, which we did not own for the entirety of 2017.

The managers of the Company-owned stores included in the Expense Report did not receive any services that were not generally available to other Sport Clips stores. Each store offered similar products and services as would generally be offered by a typical Sport Clips store, except for limited tests of procedures, products and/or services that may or may not be eventually incorporated into the system, depending on the success of the tests.

We owned and operated 31 stores in Austin and Las Vegas for the entire year of 2017 that are reported below.

	Sales Less Than \$350,000	Sales \$350,001 To \$400,000	Sales \$400,001 To \$450,000	Sales Greater Than \$450,001	Average of all stores
Number of Stores	4	1	5	21	31
Gross Sales	\$ 318,191	\$ 383,285	\$ 423,619	\$ 593,561	\$ 523,836
	100%	100%	100%	100%	100%
Variable Costs (Note 1)	\$ 35,693	\$ 46,923	\$ 43,331	\$ 54,835	\$ 50,524
	11%	12%	10%	9%	10%
Payroll (Note 2)	\$ 178,690	\$ 193,531	\$ 188,538	\$ 270,816	\$ 243,165
	56%	54%	44%	46%	46%
Occupancy (Note 3)	\$ 63,113	\$ 67,597	\$ 66,338	\$ 66,367	\$ 65,982
	20%	18%	16%	11%	13%
Advertising (Note 4)	\$ 21,152	\$ 19,879	\$ 22,538	\$ 26,942	\$ 25,257
	7%	5%	5%	5%	5%
Miscellaneous (Note 5)	\$ 7,220	\$ 6,504	\$ 7,144	\$ 7,089	\$ 7,096
	2%	2%	2%	1%	1%
Operating Profit (Note 6)	\$ 12,323	\$ 48,851	\$ 95,730	\$ 167,512	\$ 132,082
	4%	13%	23%	28%	25%

Note 1. Variable Costs include operating supplies, cost of goods sold, bank service charges, credit card discounts, and advertising to recruit Stylists.

Note 2. Payroll includes direct payroll, including payroll for an on-site full-time manager, payroll taxes and fringe benefits except for 401K and medical insurance costs.

Note 3. Occupancy includes rent, pass-through expenses from the landlord, utilities, phone charges, and repairs and maintenance.

Note 4. Advertising includes the weekly payments to the Ad Fund plus other advertising and marketing expenses for the store.

Note 5. Miscellaneous expense includes magazine subscriptions, store insurance, contributions to the Technology Fund, the Recruitment Fund, the Sport Clips Wayne McGlone Memorial Relief Fund, and overages and/or shortages from the cash drawer.

Note 6. Operating Profit does not include an amount paid for royalties or weekly training fees. The numbers in the Expense Report are unaudited, but we believe that these numbers are substantially correct.

A NEW FRANCHISEE'S INDIVIDUAL FINANCIAL RESULTS ARE LIKELY TO DIFFER FROM THE RESULTS STATED IN THE STATEMENTS OF GROSS SALES AND THE EXPENSE REPORT.

Written substantiation for the financial performance representation will be made available to the prospective franchisee at the Company's office at 110 Briarwood, Georgetown, Texas 78628.

Other than the preceding financial performance representation, Sport 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 performance information or projections of your future income, you should report it to the franchisor's management by contacting Gordon B. Logan, 110 Briarwood, Georgetown, Texas, 78628, telephone (512) 869-1201, the Federal Trade Commission, and the appropriate state regulatory agencies.