On behalf of our leadership, corporate staff and our entire franchise family of over 800 franchisees and 1,200 stores, I want to thank you for your initial interest in joining our family. As you may know, Winmark Corporation is the proud owner of five resale retail brands that are family-friendly, value-oriented and focused on community service. We are extremely proud of our franchisees who represent our great brands in the US and Canada and are thrilled you are interested in joining us.

The Once Upon A Child® business model is stronger than ever! Parents, grandparents and other adults want to connect with brands that share their values, are environmentally friendly, and deliver superior value to help them get the most for their money. At Once Upon A Child, we believe in what we do and our franchisees understand the daily importance of staying connected with their customers and their communities.

Our mission is to continue to deliver high quality used merchandise in a fun and convenient environment, while doing good for our world as well. Our owners delight every day in reading the heartwarming stories on social media about how we have helped customers and communities by providing great merchandise at affordable pricing that has allowed them to outfit their children with great clothing and shoes, wonderful toys and books, and all the necessary equipment to get them through their day.

At Winmark®, our franchisees’ success is paramount to our own success and we protect those investments in our brands as if they were our own. We appreciate the confidence our franchisees have placed in our brands, our support and our systems, and we work diligently every day to continue to improve upon our past successes. We understand you have many options to invest your hard-earned money and we take our role as your financial stewards very seriously.

I appreciate the opportunity to tell you a little more about our Winmark family and what we offer our franchise partners. We hope that you will join us on your journey into business ownership!

Sincerely,

Steve Murphy
President of Franchising, Winmark Corporation
The story of Once Upon A Child® goes beyond the successful and profitable venture of buying and selling infant through pre-teen apparel, shoes, toys, equipment and accessories. To fully understand our brand and our customers, you need to embrace the emotional connection you will make as a franchisee of Once Upon A Child with your consumer and your community. Every day, hundreds of thousands of moms, grandmothers and other adult family members are shopping in brand name stores, looking for cute, trendy, durable and safe clothing and products for the children in their lives. However, children grow out of these items relatively quickly, and many of these consumers are on a budget and can seldom afford to keep up. So, they must make difficult decisions on where to spend their money.

Couple this with the fact that there is perfectly good apparel, shoes, toys, equipment and accessories at home that their children no longer wear or use; and parents would be happy to get rid of, and you have found the perfect Once Upon A Child customer. Once Upon A Child gives parents the perfect venue to bring in their children’s apparel, shoes, toys, equipment and accessories and turn them into cash. They can simultaneously find gently-used items for their kids all in one convenient place to shop at up to 90 percent off regular retail pricing.

Nowhere else can parents find all of the kids’ stuff they love at prices they can afford and turn their children’s gently-used items into cash to help them trade in and trade up every day.

What we do at Once Upon A Child resonates with our audience. Our customers care about the planet and what excess and waste do to negatively impact the environment. They have embraced the idea of reuse and recycle in meaningful ways, in many facets of their daily lives. They align with companies that share their vision for a cleaner and healthier earth, and Once Upon A Child shares these core values with them. We promote this belief every day when we purchase goods from our customers, thus keeping them out of landfills and re-purposing them for another customer.

Parents’ No. 1 investment in life is their children. They want to make sure they provide them with the very best that they can, while trying to do so affordably. They also love a bargain – and buying brand name apparel, shoes, toys, equipment and accessories at fabulous discounts is even better. It’s a trend that will never go away, which is helping spur the continuous growth of the resale segment in the retail clothing and goods industry. Once Upon A Child, one of five franchise brands of Winmark Corporation, has been the leader in the children’s resale sector since 1993.
As an established retail franchise leader in the children’s resale space, Once Upon A Child® offers gently-used, brand-name apparel, shoes, toys, equipment and accessories at a fraction of the retail cost to primarily female shoppers between the ages of 25 and 65, many of them being mothers, grandmothers and aunts. With over 340 locations and more opening every month, Once Upon A Child is the No. 1 children’s resale franchise in North America.

Franchisees are attracted to Winmark’s proven brands and concepts, its leadership position in the industry and the best-in-class support. They appreciate being able to tap into Winmark’s nearly 30 years of franchising experience. Franchisees enjoy limited competition in the categories the brands represent, which contributes to high profit margins. Given the tremendous reputation of the brands, the first class systems and support, and the unit level economics, many Winmark franchisees even become multi-brand owners.
Resale Industry Overview

The resale business is a $17 billion industry and one of the fastest growing segments of the retail industry, according to the National Association of Resale and Thrift Stores (NARTS), the world’s largest trade association representing the resale industry. In the past two years, the resale industry has experienced a 7 percent growth rate in the number of stores.

There are a few reasons for the growing popularity of resale stores in the United States:

1. Appeal Across Income Levels

Resale shopping appeals to a wide range of demographics and income levels thanks to the 2008 recession.

Because so many people were scaling back, they discovered or were reintroduced to resale shopping where they could buy high-end clothing, accessories and furniture for a fraction of the original price.

At the same time, they learned they could also sell quality used items to resale stores. While the economy has improved, smart consumers are still looking for a good deal and are frequently shopping high-quality, gently-used items at resale stores, allowing them to spend the money they saved in other areas of their lives.
2. “Green” Consumerism

More consumers care about the environment and recycling than ever before. Rather than disposing of items that will end up in landfills, people are choosing to sell unwanted and unneeded items to resale shops.

This also saves consumers from spending time and energy attempting to sell the items themselves through garage sales, social media or classified advertisement websites.

Earth-conscious consumers also take pride in purchasing items from resale stores like Once Upon a Child®. While being kind to the earth, they still come away feeling the joy of discovering a great deal for high-quality, fashionable and trendy clothing purchased at a great price.

3. High Demand

The demand is now being fueled by the increasing opportunities to buy like-new clothing, accessories and other items.

According to NARTS, 16 - 18 percent of Americans will shop at a thrift store and 12 - 15 percent will shop at a resale/consignment shop in a year.

This is impressive considering 11.4 percent of Americans will shop at factory outlet malls and 19.6 percent will shop at apparel stores.
All Once Upon A Child customers appreciate receiving cash on the spot for their gently-used children’s products. Parents, grandparent and other adult family members enjoy leaving the store with cash in hand or with a new outfit, toy, shoes, accessories, equipment or furniture purchased at prices up to 90 percent off regular retail pricing. Buyers also appreciate the selection of new items, which make up 6 percent of each store’s inventory. Sellers like having a location where they can receive cash on the spot for the clothes and other things their children grow out of quickly.

Once Upon A Child’s target audience is broken down into three categories:

Customer Profile

Once Upon A Child® customers are typically women between the ages of 25 and 65 years old and include primarily moms, grandmothers and aunts. They are in search of gently-used clothing, toys, shoes, accessories, equipment and furniture for infants to pre-teens at affordable, family-friendly prices. Because of this, Once Upon A Child is the No. 1 children’s resale franchise in North America.
Customer Profile

PRIMARY MARKET

25-to-45 year-old moms

This customer buys from & sells to Once Upon A Child®

Selling customers are from middle- to upper-income households

MORE ABOUT THIS MARKET

| Shops frequently at a variety of big-box and mall retail stores |
| Safety is of the utmost importance |
| Expects to see a value in what they have purchased |
| Needs to feel they have been paid fairly for their items, respected and taken seriously |
| Shops in area locations that are convenient to lifestyle |
| Appreciates clean and well-organized stores |
| Has a strong personal attachment to product they are selling |
| Style conscious but value driven |
| Schedule-driven and time-sensitive |
Customer Profile
SECONDARY MARKET

Grandparents

This customer primarily buys from Once Upon A Child®

MORE ABOUT THIS MARKET
When they do sell items, they expect to be paid fairly and treated with respect in the process
Safety is of the utmost importance
High-quality conscious
Customer Profile

TERTIARY MARKET

25-to-45 year-old dads

MORE ABOUT THIS MARKET

- Usually shopping with a female
- Appreciates clean and well organized stores
- Wants to find what they are looking for and purchase quickly
- Wants a bargain
- Safety is of the utmost importance
**Customer Profile**

**TERTIARY MARKET**

- **MORE ABOUT THIS MARKET**
  - Style-conscious and value-driven
  - Shops frequently at a variety of big-box and mall retail stores
  - Expects to see a value in what they have purchased
  - Typically on a budget and needs to get more for their money
  - Schedule-driven and time-sensitive
A Look at the Franchise Model

According to the IFA report, franchise businesses produced goods and services worth $868.1 billion in the United States in 2016 and supplied an annual payroll of $351.1 billion, accounting for 3.4 percent of the private sector gross domestic product. Franchise businesses contributed indirectly to the U.S. economy in other ways. According to the report, franchises were the cause of more than 16 million jobs, $723.2 billion of annual payroll and $2.1 trillion of annual output, which ultimately accounted for 7.4 percent of the GDP.

In just five years, the franchise model has created more than one million jobs. In 2011, roughly 8 million people in the United States were employed by franchising. In 2016, almost 9 million people have jobs thanks to the 801,153 franchise establishments, according to a report on the economic impact of franchise businesses by the International Franchise Association. Job growth in the franchise sector has outpaced growth in all other sectors economy-wide. Franchising’s hot streak is only expected to continue in 2017.

Employment Through Franchising

According to the IFA report, franchise businesses produced goods and services worth $868.1 billion in the United States in 2016 and supplied an annual payroll of $351.1 billion, accounting for 3.4 percent of the private sector gross domestic product. Franchise businesses contributed indirectly to the U.S. economy in other ways. According to the report, franchises were the cause of more than 16 million jobs, $723.2 billion of annual payroll and $2.1 trillion of annual output, which ultimately accounted for 7.4 percent of the GDP.

The franchise model can best be described as being in business for yourself, not by yourself. The model consists of the franchisor – a company or person who grants a license to another company or person to conduct business using the franchisor’s product or service, trademark and name – and the franchisee, the party receiving the license. A franchisor typically receives a franchise fee and a royalty based on a percentage of the franchisee’s sales. It’s a proven way of helping entrepreneurs become business owners with franchisors providing name recognition, training, marketing, operating systems and support in return.
The amount of investment to buy a franchise varies widely and depends on the industry and the type of business. Start-up costs can run anywhere from tens of thousands of dollars to over $1 million. Franchise fees and the cost of rent or property ownership for the franchise location are major factors.

Budding entrepreneurs should be suited to the industry, the franchise concept they’re interested in and to the franchise system in general. Potential franchisees should do their due diligence, researching industries, companies, financing options and best practices of successful franchisees. Going through a company’s franchise disclosure document, or FDD, is a must. The FDD provides important information about the franchisor and franchise system.

Given the data, it’s no wonder franchising is seen favorably in general by U.S. consumers regardless of age, gender, geography (city, suburbs, rural community) and political party affiliation, according to a poll conducted by the IFA and published in Sept. 2016. With this positive view, it’s reasonable to surmise that more people are considering going into franchising.

Combining resale and franchising, two industries that are trending upward, is a win-win for franchisees in the retail sector.
Winmark Corporation, a publicly held company, was founded in 1988 when it bought the franchising rights for Play It Again Sports® and continued to grow with the acquisition of the franchising rights for Once Upon A Child® in 1993. Winmark® then added Music Go Round® in 1994, Plato’s Closet® in 1998 and Style Encore® in 2013. With nearly 1,200 current and coming soon locations and more than $1 billion in annual sales, Winmark is the recognized leader in the resale industry.

Winmark brands buy gently-used and new items and then sell that merchandise to customers at prices well below regular retail pricing. Winmark brand stores are selective about what they buy, which allows them to build an inventory of high-quality, gently-used, brand-name merchandise that appeals to its customer base.

Stores have a bright, fresh look made to ensure a positive shopping experience. Locations establish loyal customers following a consistent stream of new inventory choices each week. Customers quickly become brand fanatics and extremely loyal, either looking for great savings on a product or a place to sell their gently-used items. Winmark brands were “green” before green was cool, recycling 1 billion items in its respective communities over the last 10 years.

Winmark continues growing with more than 1,800 territories in the United States and Canada open for development providing support, solutions and partnerships to small-business owners for more than 25 years. From sports equipment and baby clothes to in-style fashion and music gear, each franchise offers gently-used merchandise for resale.

Winmark focuses on continually growing its best-in-class brands, systems, people and support so it’s franchisees can focus on the in-store execution and running a successful business, while supporting the needs of their local communities.

Both Once Upon A Child and Plato’s Closet have been ranked in Entrepreneur magazine’s prestigious Franchise 500, which recognizes the nation’s top franchise opportunities every year.

Plato’s Closet and Once Upon A Child were rated the top franchises in their category again in 2017. Overall, Plato’s Closet ranked No. 151 and Once Upon A Child ranked No. 116.
Once Upon A Child®
System-Wide Revenue Growth – Average Store Volume*

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Gross Sales</th>
</tr>
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<tbody>
<tr>
<td>2006</td>
<td>$571,375</td>
</tr>
<tr>
<td>2011</td>
<td>$813,183</td>
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<tr>
<td>2016</td>
<td>$966,865</td>
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*Amounts stated are as reported in Item 19 of the 2007, 2012 and 2017 Once Upon A Child® Franchise Disclosure Documents, respectively (based on the previous year’s Gross Sales). In 2006, of the 187 stores that reported, 82 or 43% of the reporting stores attained or exceeded the Average Gross Sales. In 2011, of the 236 stores that reported, 110 or 47% of the reporting stores attained or exceeded the Average Gross Sales. In 2016, of the 316 stores that reported, 143 stores or 45% of the reporting stores attained or exceeded the Average Gross Sales. A new franchisee’s results will likely differ from these results.

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Store Count – Once Upon A Child® vs Competitors

<table>
<thead>
<tr>
<th>Company</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once Upon A Child</td>
<td>282</td>
<td>308</td>
<td>326</td>
<td>348</td>
</tr>
<tr>
<td>Kid to Kid®</td>
<td>84</td>
<td>84</td>
<td>91</td>
<td>N/A</td>
</tr>
<tr>
<td>Children’s Orchard</td>
<td>32</td>
<td>33</td>
<td>28</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Winmark Corporation is committed to its franchisees’ success and provides owners extensive classroom and in-store training and support necessary to operate a high-margin retail business in their communities.

In addition, Winmark offers ongoing small-business consultation support from regional field operations staff. Field Operations Managers provide operations, financial analysis and small-business development support to franchisees with a focus on improving each location’s operational and financial performance.

Franchisees also have access to Support Center Technicians who assist in their use of technology-related software and hardware. Support Center Technicians diagnose and resolve issues relating to the company’s proprietary and third party software, networks, hardware, and peripherals.
Top-Line Revenue*

Once Upon A Child®, the largest North American chain specializing in buying and selling clothing, shoes, toys, equipment and accessories for infants through tweens, is 340+ stores strong with several stores in the process of opening. The most successful store owners excel at following the franchise system, integrating their stores into their communities and developing a sound advertising and local marketing plan.

*The Average Store numbers are the 2016 Average Gross Sales and Average Gross Profit amounts stated in Item 19 of the 2017 Once Upon A Child® Franchise Disclosure Document (as reported by 316 of the 317 stores that had been in operation at least one year as of December 31, 2016). Of the 316 reporting stores, 143 or 45% of the stores attained or exceeded the Average Gross Sales and 140 or 44% of the stores attained or exceeded the Average Gross Profit. The Top Quartile Average Gross Sales and Average Gross Profit only relates to 79 of the reporting Once Upon A Child® Stores who ranked in the top 25% of the gross sales range. Of the 79 reporting stores in the top quartile, 32 or 41% of the stores attained or exceeded the top quartile Average Gross Sales and 31 or 39% of the stores attained or exceeded the top quartile Average Gross Profit. A new franchisee’s results will likely differ from these results.
## Target Franchisee Profile

**BACKGROUND**

<table>
<thead>
<tr>
<th>Franchisee candidates must:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be prepared to invest $250,000 to $350,000</td>
</tr>
<tr>
<td>Have at least $75,000 cash or liquid assets</td>
</tr>
<tr>
<td>Have equity to collateralize a loan for the remaining balance</td>
</tr>
</tbody>
</table>

Once Upon A Child® franchisees are usually parents or other adult family members that first experienced our brand as customers or they know someone who owns a Winmark® franchise. They believe in the concept, embrace the idea of recycling for the good of the environment and want to bring a store to service those in need in their community.

Once Upon A Child franchisees come for a wide variety of personal and professional backgrounds, including many from corporate America, the military and people who may be re-entering the working world after caring for young children. They see owning a Winmark apparel brand as a good way to give back to the community because the concept involves recycling gently-used, high-quality clothing and selling it at a price below regular retail.
Franchisee Testimonials

Visible Demand
Tony Finical, co-owner with wife Julie of Once Upon A Child®, Plato’s Closet® and Style Encore® (14 Years)

“I've seen customers go into our Once Upon A Child store in Baton Rouge, take their bag and go back out to their car. Then they go into Plato’s Closet, go back to their car, and go into Style Encore. They shop at all three locations!”

Community Impact
Sara and Kevin Allan, owners of Once Upon A Child and Plato’s Closet (3 Years)

“We wanted our store to provide a haven for the mothers in our community. I think it’s important to have a store, especially when you’re a new mom, where you feel welcome and that’s your safe place. That may be your only social outlet for the day. We really made it a focus to be involved with our customers.”
"We owned a pizza franchise before, but we didn’t have any support. I started looking for something else to do and found Winmark®. I loved Once Upon A Child! When my husband, who is in banking, and I attended Discovery Day, we were very impressed with the level of professionalism at Winmark, all the different support areas including computer systems, marketing and training. At supper that night, we talked about the confidence we were feeling about becoming franchise owners – the people at Winmark know what they’re doing and the structure of the business is very sound. We knew right then we were supposed to move forward and open a Once Upon A Child."

Franchise Model
Karen Wright, owner of Once Upon A Child and Plato’s Closet (6 Years)

“The joy of owning a franchise is you get to see your business grow. Being part of a franchise is nice because we’ve got all these other owners that we’re able to communicate with – to share ideas and build on ideas. I might come up with something that I want to do in my store, but not know how to implement it. So I can get on the phone with one of the other owners and ask, ‘Will you help me with this?’ Or they’re on the phone asking me for help.”
FAQs

How long has Winmark® and Once Upon A Child® been in business?

Winmark Corporation has been in business since 1988 with the acquisition of the Play It Again Sports® franchise. Once Upon A Child was added to the family in 1993 and was the second brand in the portfolio. Winmark has been supporting small-business franchisees for almost 30 years with best-in-class point of sale systems, world class support and the best business model in resale.

How much money can I make as a franchisee?

The financial return you will realize as an owner of any small-business will depend on many factors, including how well you perform and follow the franchise system, your plan for advertising the business and your ability to integrate the business into your community. Starting a new business involves some level of risk, so we encourage you to speak with our franchisees to learn about their experience and satisfaction with the business – both personally and financially. By talking with franchisees, you will be able to understand the business’ potential and what is necessary to be successful.

What is the average annual gross sales for Once Upon A Child?

In 2016, the average Once Upon A Child store had sales of $966,865 with an average gross profit of $606,069 (62.6 percent). The top quartile of Once Upon A Child stores had average sales of $1,501,055 with an average gross profit of $948,454 (63.1 percent)*.

How will I acquire my initial inventory?

During training, you will learn how to utilize our proprietary computer system to purchase and price inventory. Your store will open to buy gently-used items (without selling anything until grand opening) for a period of approximately 8-to-10 weeks before your grand opening.

Will Winmark provide financing for my store?

Winmark does not provide direct financing. Our franchisees secure their financing through third-party lending sources with most utilizing Small Business Association loans. Winmark will assist you in preparing a comprehensive business plan to assist in obtaining an SBA loan or other financing once you’ve become a franchisee. All Winmark brands are listed on the SBA’s franchise registry, which helps streamline the process. Visit www.franchiseregistry.com to learn more.

Will Winmark help me find a location?

Most of our franchisees have never owned a franchise before so they haven’t been through the process of finding and negotiating a retail lease. Winmark and our network of local and national Tenant Brokers will assist from site review and selection all the way to the signed lease. With five brands and nearly 1,200 current and coming soon locations we’re familiar with nearly every market in North America. The lease is one of the largest financial commitments you’ll have with opening this or any brick and mortar business. With our experienced guidance on the economics of the lease, you can be confident you will find a retail space that meets the Once Upon a Child criteria as well as your business plan.

*The Average Store numbers are the 2016 Average Gross Sales and Average Gross Profit amounts stated in Item 19 of the 2017 Once Upon A Child® Franchise Disclosure Document (as reported by 316 of the 317 stores that had been in operation at least one year as of December 31, 2016). Of the 316 reporting stores, 143 or 45% of the stores attained or exceeded the Average Gross Sales and 140 or 44% of the stores attained or exceeded the Average Gross Profit. The Top Quartile Average Gross Sales and Average Gross Profit only relates to 79 of the reporting Once Upon A Child® Stores who ranked in the top 25% of the gross sales range. Of the 79 reporting stores in the top quartile, 32 or 41% of the stores attained or exceeded the top quartile Average Gross Sales and 31 or 39% of the stores attained or exceeded the top quartile Average Gross Profit. A new franchisee’s results will likely differ from these results.
Thank you for taking the time to learn more about the Once Upon a Child® brand and our franchise opportunity.

If you're interested in owning a Once Upon a Child location, please speak with a franchise developer about how you and any business partners can financially pre-qualify. Once qualified, your next steps include:

**Continued Research and Due Diligence**

Make sure any questions you have are answered and that you are fully informed.

**Visiting Stores**

Observing Once Upon a Child firsthand is the best way to see how the store operates. Franchisees can share information on what you will experience moving forward.

**Attending Discovery Day**

We extend Discovery Day invitations to candidates who are financially-qualified and ready to take the final step in our franchisee award process. Discovery Day allows us to answer additional questions you may have and allows you to tour the corporate office in Minneapolis and visit with your Winmark® support team as well as other franchisee candidates in person.

Your interest in joining the Winmark family of brands is appreciated. We look forward to continuing our conversation on how we can become partners to achieve your business ownership goals.

*Typical store opening timeframe is 9 months after signing the Franchise Agreement.*