

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote the franchise.

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 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 performance at a particular location or under particular circumstances.

Following are 2 sets of data analyzing Legacy Locations that operated under the Legacy Brand.

- I. Analysis of the actual operating results for Legacy Locations owned by our Parent; and
- II. Analysis of the actual operating gross revenues of our franchised Legacy Locations.

As noted in Item 1, Legacy Locations are similar to Palm Beach Beauty & Tan Locations offered in this disclosure document, however, Legacy Locations do not feature infrared saunas.

You are urged to consult with your financial, business and legal advisers and to conduct your own analysis of the information contained in this Item 19.

We have written substantiation in our possession to support the information appearing in this Item 19. Written substantiation will be made available to the prospective franchisee upon reasonable request.

I. ANALYSIS OF THE ACTUAL OPERATING RESULTS FOR LEGACY LOCATIONS OWNED BY OUR PARENT.

BASES AND ASSUMPTIONS

Part I of this analysis contains information regarding average and median sales, average operating costs, average Gross Sales per tanning session, average retail sales per tanning session, and average number of tanning sessions per month for the 212 prototype Legacy Locations owned by our Parent which were in operation during the entire 24-month period ending December 31, 2023, with an overall average of 12.8 years of operation ("Company-Owned Prototype Locations" or "Prototype Locations"). The information in this financial performance representation does not include the 8 Company-Owned Locations that permanently stopped operating during the reporting period. Table 1 presents the arithmetic mean average of and median Square Footage, EFT Revenues, Other Revenues, Total Revenues, Operating Expenses, EBITDA and EBITDA as a Percentage of Revenues for the Company-Owned Locations, and Table 2 presents the arithmetic mean average of and median average Gross Sales per tanning session, average retail sales per tanning session, and average number of tanning sessions per month for the Company-Owned Locations.

Prototype Locations incorporate many of the elements of a “tanning location”; from the choice of the location, to the square footage, to the location design, to the equipment mix. The Prototype Locations are located in high profile shopping centers in highly visible and accessible space. They average approximately 2,875 square feet, are characterized by a bright, clean, impressive design, and feature the highest quality equipment.

All Company-Owned Prototype Locations are similar in operation to the franchised locations offered by us under this disclosure document; however, there are differences. As noted in Item 1, Legacy Locations do not feature infrared saunas. A new franchisee's results are likely to differ from the results as stated in Part I of this analysis primarily because “start-up” Locations traditionally experience lower revenues and higher costs than those which have been operating for some time. In addition, there are certain fees which you must pay to us under the Franchise Agreement and other differences between the expenses of a franchised Location and a Company-Owned Prototype Location, reflected in the tables. Those fees and expenses include initial franchise fees, ongoing royalties and any interest expense you would incur if you finance any of the initial investment for the Location or its operation. In addition, while the Company-Owned Prototype Locations included in this analysis average 2,875 square feet, we have recently moved to a smaller prototype.

TABLE 1
Average and Median Operating Data for the
212 Company-Owned Prototype Locations as of December 31, 2023

Average Unit Information				
12 Months Ended December 31, 2023⁽¹⁾				
	AVERAGE	MEDIAN	HIGHEST	LOWEST
SQUARE FOOTAGE	2,875	2,835	6,400	1,200
EFT REVENUES	\$3325,252	\$304,885	\$740,823	\$152,688
OTHER REVENUE	\$173,700	\$160,889	\$389,157	\$60,370
TOTAL REVENUES⁽²⁾	\$4198,952	\$470,244	\$1,130,029	\$219,105
OPERATING COSTS⁽³⁾	(\$350,146)	(\$337,855)	(\$663,706)	(\$192,733)
EBITDA⁽⁴⁾	\$128,838	\$111,510	\$501,411	(\$91,698)
EBITDA AS A % OF REVENUES⁽⁵⁾	25.82%	25.5%	53.6%	-41.9%

Annual Costs Legacy Brand Franchisees Will Incur Not Included in Costs Above (assuming median annual Gross Sales)⁽⁶⁾	
Royalties (4% 1 st year; 5% 2 nd year; 6% thereafter)	Year 1: \$18,810 Year 2: \$23,512 Subsequent Years: \$28,215
Customer Satisfaction Program	\$510
Sunlync and Software Support Fee	\$3,600

Footnotes to Table 1

1. Comparison of results: Of the 212 Prototype Locations included in Table 1:

COMPARISON	# ABOVE AVERAGE	# BELOW AVERAGE
Square Footage	104 (49%)	108 (51%)
EFT Revenues	95 (45%)	117 (55%)
Other Revenue	85 (40%)	127 (60%)
Total Revenues	92 (43%)	120 (57%)
Operating Costs	90 (42%)	122 (58%)
EBITDA	98 (46%)	114(54%)
EBITDA as a % of Revenue	100 (47%)	112 (53%)

2. Average revenues are a mean average calculated by aggregating the total revenues of all Prototype Locations and dividing by 212. Revenues include EFT monthly proceeds, other tanning services and lotions and other product sales.

- EFT monthly proceeds: Approximately 65% of the total sales revenues for the Company-Owned Prototype Locations are represented by monthly electronic funds transfers (“EFT membership”) from members' bank or credit card accounts. EFT memberships enable a Location to experience better collections than it would without EFT memberships. Franchisees are required to offer EFT memberships. It may take approximately 3 to 4 years for a Location to achieve the percentage of revenues noted above from EFT memberships. Locations without a comparable percentage of EFT memberships may experience different collection rates.
- Other tanning services: These services include all tanning sales and services (including sunless tan sales) other than from EFT proceeds.

Revenues vary from location to location based on factors such as demand for tanning related products, services and accessories in the immediate market, the type and number of competitive businesses in the immediate market, service levels, visibility and accessibility, marketing efforts and effectiveness, prevailing rates in the market, facility reputation and convenience to users of tanning related products, services and accessories. Revenues are also affected by seasonality and geographic location. We believe that tanning related products, services and accessories are in greater demand in certain parts of the United States than others. The seasonality of sales in other geographic locations will also be affected differently depending upon the weather, among other things, in such locations.

3. Operating expenses include:

- The direct costs of Legacy Location operations (including, the cost of product sales; salaries, commissions and related benefits; supplies; replacement lamps and acrylics; other repairs and maintenance costs; and other location operating costs).
- Rent and other facilities costs (such as electricity and other utilities). Rental costs may vary with local rental markets. Utility costs may vary with local utility companies as well as with climate.
- Legacy Location administration costs (including, advertising and promotion; insurance; credit card/processing fees; computers, telephones and data lines). Advertising and promotions for Company-Owned Prototype Locations have been conducted in markets where the Company-Owned Locations have been established for at least 4 years. Appropriate levels of advertising and promotions in new markets could lead to costs significantly in excess of the average advertising and promotion expenses noted on Table 1. You are required to contribute 2% of your Gross Sales to an advertising fund and to

spend 3.5% of your Gross Sales on local advertising. Your total franchisor advertising assessment will not exceed 5.5% of Gross Sales, but you may choose to spend more for advertising.

4. EBITDA is calculated as Legacy Location level earnings before deductions for interest, taxes, depreciation and amortization.
5. EBITDA as a percentage of revenues are a mean average calculated by aggregating the total EBITDA of all Legacy Locations and dividing by 212.
6. These are costs that a Legacy Brand franchisee incurred as a direct result of operating a franchised Legacy Location. These costs are not all of the costs you will incur in operating your Palm Beach Beauty & Tan Location.

TABLE 2

**Average and Median Gross Sales Per Tanning Session,
Average and Median Retail Sales Per Tanning Session,
and Number Of Tanning Sessions Per Month
for the
212 Company-Owned Prototype Locations
For The Period
January 1, 2023 To December 31, 2023⁽¹⁾**

	AVERAGE	MEDIAN	HIGHEST	LOWEST
GROSS SALES PER TANNING SESSION⁽²⁾	\$7.50	\$7.37	\$16.54	\$4.12
RETAIL SALES PER TANNING SESSION⁽³⁾	\$3.36	\$3.29	\$8.52	\$1.65
NUMBER OF TANNING SESSIONS PER MONTH	1,936	1,887	3,715	684

Footnotes to Table 2

1. Comparison of results: Of the 212 Prototype Locations included in Table 2:

COMPARISON	# ABOVE AVERAGE	# BELOW AVERAGE
Gross Sales Per Tanning Session	98(46%)	114 (54%)
Retail Sales Per Tanning Session	99 (47%)	113 (53%)
Number of Tanning Sessions per Month	104 (49%)	108 (51%)

2. Gross Sales represents all in- Legacy Location revenue from the sale of tanning services, lotions, and other products.
3. Retail sales represents all in- Legacy Location revenue from the sale of lotions and retail products.

II. ANALYSIS OF THE ACTUAL OPERATING GROSS REVENUES OF OUR FRANCHISED LEGACY LOCATIONS.

A. BASES AND ASSUMPTIONS

Part II.A. of this analysis contains information regarding average sales, average Gross Sales per tanning session, average retail sales per tanning session, and average number of tanning sessions per month for the 314 franchised Legacy Locations which were in operation during the entire 24-month period ended December 31, 2023, with an overall average of 9.81 years of operation (“Franchised Legacy Locations”). The information in this financial performance representation does not include the 3 Franchised Legacy Locations that stopped operating during the reporting period. Table 1 presents the arithmetic mean average of and the median EFT Revenues, Other Revenues, and Total Revenues and Table 2 presents the arithmetic mean average of and the median average Gross Sales per tanning session, average retail sales per tanning session, and average number of tanning sessions per month for the Franchised Legacy Locations.

TABLE 1

**Average and Median Operating Data for the
314 Franchised Legacy Locations as of December 31, 2023**

**Average and Median Unit Information
12 Months Ended December 31, 2023⁽¹⁾**

	AVERAGE	MEDIAN	HIGHEST	LOWEST
EFT REVENUES	\$367,426	\$339,788	\$948,564	\$107,004
OTHER REVENUE	\$174,668	\$164,268	\$467,750	\$25,890
TOTAL REVENUES⁽²⁾	\$542,093	\$502,791	\$1,416,314	\$142,472

Footnotes to Table 1

1. Comparison of results: Of the 314 Franchised Legacy Locations included in Table 1:

COMPARISON	# ABOVE AVERAGE	# BELOW AVERAGE
EFT Revenues	136 (43%)	178 (57%)
Other Revenue	135 (43%)	179 (57%)
Total Revenues	144 (46%)	170 (54%)

2. Average revenues are a mean average calculated by aggregating the total revenues of all Franchised Legacy Locations and dividing by 314. Revenues include EFT monthly proceeds, other tanning services and lotions and other product sales.

- EFT monthly proceeds: Approximately 68% of the total sales revenues for the Franchised Legacy Locations are represented by monthly EFT membership transfers from members' bank or credit card accounts. EFT memberships enable a Location to experience better collections than it would without EFT memberships. Franchisees are required to offer EFT memberships. It may take approximately 3 to 4 years for a Location to achieve the percentage of revenues noted above from EFT memberships. Locations without a comparable percentage of EFT memberships may experience different collection rates.

- Other tanning services: These services include all tanning sales and services (including sunless tan sales) other than from EFT proceeds.

TABLE 2

**Average and Median Gross Sales Per Tanning Session,
Average and Median Retail Sales Per Tanning Session,
and Number Of Tanning Sessions Per Month
for the
314 Franchised Legacy Locations
For The Period
January 1, 2023 To December 31, 2023⁽¹⁾**

	AVERAGE	MEDIAN	HIGHEST	LOWEST
GROSS SALES PER TANNING SESSION⁽²⁾	\$6.31	\$6.26	\$10.08	\$3.67
RETAIL SALES PER TANNING SESSION⁽³⁾	\$3.37	\$3.30	\$6.60	\$1.49
NUMBER OF TANNING SESSIONS PER MONTH	2,289	2,163	5,865	415

Footnotes to Table 2

1. Comparison of results: Of the 314 Franchised Legacy Locations included in Table 2:

COMPARISON	# ABOVE AVERAGE	# BELOW AVERAGE
Gross Sales Per Tanning Session	151(48%)	163 (52%)
Retail Sales Per Tanning Session	148(47%)	166 (53%)
Number of Tanning Sessions per Month	137 (44%)	177 (56%)

2. Gross Sales represents all in-Legacy Location revenue from the sale of tanning services, lotions, and other products.
3. Retail sales represents all in-Legacy Location revenue from the sale of lotions and retail products.

The Franchised Legacy Locations on which Part II. Of this analysis is based are substantially similar to the Company-Owned Prototype Locations in Part I of this analysis.

We compiled these figures from the individual Legacy Locations' actual reported Gross Revenues for the periods listed below. This information has not been audited or otherwise verified by us.

Gross Revenues include all of the revenue components of Franchised Legacy Locations, like EFT monthly proceeds, other tanning services, lotions and other product sales. (See Part II.A. of this analysis for a further explanation of EFT monthly proceeds and other tanning services.)

Revenues vary from location to location based on factors such as demand for tanning related products, services and accessories in the immediate market, the type and number of competitive businesses in the immediate market, service levels, visibility and accessibility, marketing efforts and effectiveness, prevailing rates in the market, facility reputation and convenience to users of tanning related products, services and accessories. Revenues are also affected by seasonality and geographic location. We believe that tanning related products, services and accessories are in greater demand in certain parts of the United States than others. The seasonality of sales in other geographic locations will also be affected differently depending upon the weather, among other things, in such locations.

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

Other than the preceding financial performance representation, Palm Beach Tan Franchising, 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 Roy Sneed at 6321 Campus Circle Drive E., Irving, Texas 75063, (972) 966-5300, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary For years 2021 to 2023^{(1),(2)}

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	320	325	+5
	2022	325	348	+23
	2023	348	398	+50
Company-Owned	2021	222	217	-5
	2022	217	252	+35
	2023	252	257	+5
Total Outlets	2021	542	542	0
	2022	542	600	+58
	2023	600	655	+55

Notes: 1. All numbers are as of our fiscal year end. Our 2023 fiscal year end is December 31.
2. All numbers relate to Legacy Locations that operated under the “Palm Beach Tan” mark. As of the date of this disclosure document there are 7 company-owned Palm Beach Beauty & Tan Locations (in Texas) and 1 franchised Legacy Location that converted to a Palm Beach Beauty & Tan Location (in North Carolina).