

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
ww. Choice of law	21	Kentucky, subject to state law (see state specific addenda attached to this disclosure document as Exhibit "F" except for arbitration, which is covered by the Federal Arbitration Act).
xx. Waiver of jury trial	24	By all parties with specific exceptions.

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PUBLIC FIGURES

At this time, there are no public figures involved in the sale of this 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 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.

Following are two sets of data analyzing the performance of certain **SUN TAN CITY®** Salons:

- I. Analysis of the actual operating results for certain **SUN TAN CITY®** Salons owned and operated by our parent company; and
- II. Analysis of the actual operating results of certain franchised **SUN TAN CITY®** Salons.

You are urged to consult with your financial, business and legal advisors 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 and such substantiation will be made available to you on reasonable request.

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

- I. **ANALYSIS OF THE ACTUAL OPERATING RESULTS FOR CERTAIN SUN TAN CITY®SALONS OWNED AND OPERATED BY OUR PARENT COMPANY.**

BASES AND ASSUMPTIONS

Part I of this analysis contains information regarding the 87 **SUN TAN CITY®** Salons (“Company Salons”) owned and operated by our parent which were in operation during the entire 12-month period ended December 31, 2024, with an overall average of 16.1 years of operation. Table 1.1 presents the arithmetic mean average and median of number of tanning and spa sessions per month, EFT Membership Revenue, Other Revenue and Total Revenues for the Company Salons.

The Company Salons are generally located in high profile shopping centers, in highly visible and accessible space. They average approximately 3,000 square feet, are characterized by a bright, clean, impressive design, and feature the highest quality equipment.

Company Salons are similar in operation to the franchised locations offered by us under this disclosure document; however, there are differences. A new franchisee's results will differ from the results in Part I of this analysis primarily because "start-up" salons traditionally experience lower revenues and higher costs than those which have been operating for some time. In addition, certain fees which you must pay to us under the Franchise Agreement, and other differences between the expenses of a franchised salon and a Company Salon, are not reflected in Table 1.1. 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 salon or its operation.

Table 1.1
Average Operating Data for
87 Company Salons Open for the Full Year of 2024
Average Unit Information
12 Months Ended December 31, 2024⁽¹⁾

	AVERAGE	MEDIAN	LOW	HIGH
Number of Tanning and Spa Sessions per month	4,071	3,831	1,834	8,111
EFT Membership Revenue	\$291,988	\$277,255	\$135,844	\$586,695
Other Revenue	\$366,176	\$353,392	\$164,432	\$934,576
Total Revenues ⁽²⁾	\$658,164	\$629,847	\$300,276	\$1,439,163

Footnotes to Table 1.1

1. Comparison of results: Of the 87 Company Salons included in Table 1.1:

COMPARISON	# ABOVE AVERAGE	# BELOW AVERAGE
Number of Tanning and Spa Sessions per month	39 (45%)	48 (55%)
EFT Membership Revenue	39 (45%)	48 (55%)
Other Revenue	40 (46%)	47 (54%)
Total Revenues	36 (41%)	51 (59%)

2. Total Revenues include EFT monthly membership proceeds, other tanning including UV, spray and spa services and lotions and other product sales. Average revenues are a mean

average calculated by aggregating the total revenues of all Company Salons and dividing by 87.

EFT Membership revenue: Approximately 44.4% of the total sales revenues for the Company Salons are represented by recurring monthly electronic funds transfers (“EFT memberships”) from members’ bank or credit card accounts. EFT memberships enable a salon 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 or more for a Salon to achieve the percentage of revenues noted above from EFT memberships. Salons without a comparable percentage of EFT memberships will likely experience lower revenue and collection rates.

Other revenue: Represents revenue from all tanning and spa sales and services other than from EFT membership revenue.

When evaluating a location, you should consider the impact on your location of 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, seasonality, weather and geographic location.

You also should consider that all of the standard Company Salons on which this analysis is based are located in a concentrated region encompassing Kentucky, Indiana, Tennessee and West Virginia, where our parent company has a significant market presence. You should consider the impact on your location of operating in a state or market other than a state or market where our parent company, or one or more franchisees, presently operates locations or has a significant market presence.

II. ANALYSIS OF THE ACTUAL OPERATING RESULTS OF CERTAIN FRANCHISED SUN TAN CITY® SALONS.

BASES AND ASSUMPTIONS

Part II of this analysis contains information regarding the 162 **SUN TAN CITY®** Franchised Salons which were in operation and doing business as Sun Tan City during the entire 12-month period ended December 31, 2024, with an overall average of 11.7 years of operation. Table 2.1 presents the arithmetic mean average and median of number of tanning sessions per month, EFT Membership Revenue, Other Revenue and Total Revenues for the Company Salons.

Table 2.1
Average Operating Data for
162 Franchised Salons Open for the
Entire 12-month Period Ended December 31, 2024⁽¹⁾

2024 Average Unit Information
12 Months Ended December 31, 2024

	AVERAGE	MEDIAN	LOW	HIGH
Number of Tanning and Spa Sessions per month	3,408	3,209	831	8,748
EFT Membership Revenue	\$270,389	\$251,180	\$73,930	\$693,613
Other Revenue	\$320,168	\$307,152	\$77,467	\$834,870
Total Revenues ⁽²⁾	\$590,557	\$563,253	\$151,398	\$1,493,420

Footnotes to Table 2.1

1. Comparison of results of the Franchise Salons included in Table 2.1:

COMPARISON	# ABOVE AVERAGE	# BELOW AVERAGE
Number of Tanning Sessions per month	69 (43%)	93 (57%)
EFT Membership Revenue	70 (43%)	92 (57%)
Other Revenue	72 (44%)	90 (56%)
Total Revenues	70 (43%)	92 (57%)

2. Total Revenues include EFT monthly membership proceeds, other tanning services and lotions and other product sales. Average revenues are a mean average calculated by aggregating the total revenues of all Franchised Salons and dividing by 162.

EFT Membership revenue: Approximately 45.8% of the total sales revenues for the 162 Franchised Salons are represented by recurring monthly EFT membership transfers from members' bank or credit card accounts. EFT memberships enable a Salon 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 or more for a Salon to achieve the percentage of revenues noted above from EFT memberships. Salons without a comparable percentage of EFT memberships will likely experience lower revenue and collection rates.

Other revenue: Represents revenue from all tanning sales and services other than from EFT membership revenue.

Other than the preceding financial performance representations contained in this Item 19, STC Franchising, LLC 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 Salon, however, we may provide you with the actual records of that Salon. 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 Beth Edelen at beth.edelen@suntancity.com and (855) 727-2684, the Federal Trade Commission, and the appropriate state regulatory agencies.

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OUTLETS AND FRANCHISEE INFORMATION