

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| u. Dispute resolution by arbitration or mediation | Para. XV.H | All disputes arising out of or relating to the Franchise Agreement must be mediated in Athens, Georgia no later than ninety (90) days after the commencement of any litigation or arbitration by either party to the Franchise Agreement. State law may apply. |
| v. Choice of forum | Para. XV | Litigation must be in Georgia. However, see any requirements of local law in Exhibit K of this disclosure document. (Subject to applicable state law.) |
| w. Choice of law | Para. XV.A | Georgia law applies, except that the law of the State in which your franchise is operated governs the interest rate that you must pay on overdue amounts and the restrictive covenants with which you, guarantors, principals if you are a business entity, and spouses of those individuals must comply. See q and r, above and also Items 6, 9 and 15. Also, see any requirements of local law in Exhibit K of this disclosure document. (Subject to applicable state law.) |

Item 18: Public Figures

PADGETT does not use any public figure to promote our franchise.

Item 19: Financial Performance Representations

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential 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.

The information below is an historic financial performance representation about the franchise system's existing outlets.

As of December 31, 2025, PADGETT had 165 franchised locations operated by 146 franchisees in the U.S. subject to revenue reporting requirements. As of the filing date of this document, 130 of PADGETT's franchisees had submitted complete financial information to PADGETT, which was used to determine the franchisee profit information within this section, while financial information from 16 of PADGETT's franchisees was not included due to tax extensions or because the reporting deadline was during tax season, the franchisees busiest time of year. The Financial Performance Representations do not include any profit information for franchisees who operated for only a part of FYE 2025 if he/she closed during that year. 14 of these 146 franchisees reporting operated multiple locations. 3 franchisees closed during this period. The revenues submitted with the financial information are the revenues upon which franchisees' monthly royalty fees were calculated.

PADGETT offered substantially the same services to all the businesses included in the Report and substantially all the businesses offered the same business services.

Overall Franchisee revenues and profits:

Franchisee revenues are primarily derived from monthly fees (for write-up of management reports and consultation services), tax preparation fees and year-end fees (to prepare W-2, 1099, etc. documents for clients). In addition, franchisees also have additional revenue from payroll processing and certain one-time fees (such as set-up fees and backwork fees) and other additional fees (such as representation fees).

As of December 31, 2025, the average monthly fee paid by Padgett clients was \$382. This is compared to \$441 as of December 31, 2024. Of the 130 franchisees submitting complete financial data, sales data as of December 31, 2025, shows that 48 franchisees were at or above the average amount.

In addition to the aforementioned \$382 average monthly fee (or \$4,584 annually), for the fiscal year ending December 31, 2025, the average tax preparation fees were equivalent to \$4,444 per monthly client, or 49.2% of ongoing client fees. This is not necessarily the fee per tax return, but rather an amount calculated by dividing total tax fees generated by the number of monthly client relationships. Many clients refer multiple tax returns to Padgett (i.e., children’s returns, parents’ returns, other relatives and friends’ returns). This figure is calculated by taking the total tax revenues and dividing it by the total number of monthly clients. Therefore, using this calculation, the average on-going annual revenue as it relates to monthly client relationships is \$9,028. 72 of the 130 franchisees included in this report, or 55%, attained or surpassed the average on-going annual revenue from a client. The high, median, mean, and low averages for these amounts are found in the following chart:

| Average Annualized Ongoing Revenues/Client | | High | Median | Mean | Low |
|--|-------|-----------------|----------------|----------------|----------------|
| Average monthly fee | | \$3,206 | \$382 | \$346 | \$51 |
| Monthly fee annualized (X 12) | | \$38,472 | \$4,584 | \$4,152 | \$612 |
| Tax Prep \$/% of total ongoing rev. | 49.2% | \$114,243 | \$4,444 | \$12,329 | \$1,817 |
| Annual average fee with tax prep | | \$75,771 | \$9,028 | \$8,177 | \$1,205 |

Franchisee profitability was also analyzed for franchisees’ fiscal years that ended during PADGETT’s fiscal year ending December 31, 2025, and is depicted in the two charts below. As stated above, the profit information contained in the charts is based on the complete financial reports submitted by 130 franchisees. We adjusted the profit figures by eliminating depreciation, interest and franchisees’ own expenses that vary considerably among franchisees, including owners’ salaries and discretionary owners’ expenses. These adjustments have the effect of increasing the profits reported in the charts below, as compared to the profits on franchisees’ internal Profit and Loss Reports. The data received from reporting businesses was accumulated using a uniform method that included direct reports to PADGETT by the franchisees. With regard to the profit information compiled, PADGETT reports that adjusted profits for franchisees open for business for more than one year and who have at least \$100,000 in annual revenue, attained 25.8% median revenue.

The two charts that follow detail the profit information shown by revenue grouping and the number of franchisees that have achieved each stated profit level. In the table below, “high” is the result of the one office that has the highest result, “median” is the result of the franchisee who is in the middle of the population (i.e. there are the same number of franchisees with higher and lower results), and “low” is the result for the one franchisee that has the lowest result. Additionally, following the two aforementioned charts are four adjusted Profit & Loss Statements (P&Ls) based on the same information presented in these charts. The P&Ls show the cumulative data of the franchisees comprising each of the revenue groupings and the

averaged data of the franchisees comprising each of the revenue groupings. To calculate the average P&L data, the cumulative data was divided by the number franchisees in each revenue grouping.

| Franchisee Revenues | Units Exceeding or Surpassing | % | Adjusted Profit Percent | | | |
|-----------------------|-------------------------------|----|-------------------------|--------|------|--------|
| | | | Average | High | Mean | Low |
| \$500,000 + | 7 | 18 | 23.8 | 20.4 | 44.8 | 27.4 |
| \$300,000 - \$499,999 | 6 | 24 | 36.7 | 42.3 | 43.1 | 78.9 |
| \$100,000 - \$299,999 | 9 | 21 | 28.8 | (11.6) | 40.6 | (10.0) |
| Total \$100,000 + | | | 26.0 | | | |
| < \$100,000 | 5 | 26 | 8.0 | 13.6 | 56.2 | 0.0 |
| Total | | | 25.8 | | | |

| CUMULATIVE TOTALS | | | | | |
|---|-------------------------------------|------------------|------------------------|------------|----------|
| FRANCHISEES' ADJUSTED PROFITS REPORTED BY FDD REGISTRATION DATE | | | | | |
| FISCAL YEAR ENDING 12/31/2025 | | | | | |
| FRANCHISEE REVENUES | (Franchisees) Locations Operated | | SUMMARY FINANCIAL INFO | | |
| | NUMBER | % OF TOT | REVENUE | \$ PROFIT | % PROFIT |
| \$500,000 + | (47) 47 | (36.2) 36.2 | 53,761,865 | 12,773,686 | 23.8 |
| \$300,000 - \$499,999 | (23) 23 | (17.7) 17.7 | 9,266,812 | 3,401,296 | 36.7 |
| \$100,000 - \$299,999 | (44) 44 | (33.8) 33.8 | 8,544,385 | 2,461,509 | 28.8 |
| < \$100,000 | (16) 16 | (12.3) 12.3 | 1,058,182 | 85,082 | 8.0 |
| TOTAL | (130) 130 | (100.0) 100.0 | 72,631,244 | 18,721,573 | 25.8 |

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Note 1: For fiscal year 2025, 20 Padgett franchises exceeded \$1 million in revenues.

Note 2: For fiscal year 2025 as reported by all franchisees in Padgett Report + Pay, the franchise's system for reporting revenue and royalties, franchises grew overall by an average of 19%, the top 50 franchises grew by an average of 18%, the top 100 franchises grew by an average of 26% and the bottom 50 franchises grew by an average of 216%. Total revenue increased from \$63 million in 2024 to \$76 million in 2025 for a total increase of \$13 million over the prior year.

| Adjusted Operating Income | | | | | | | | | | |
|---------------------------------------|----------------------|----------------|---------------------|----------------|--------------|--------|------------|------|-----------|------|
| Revenue | \$500,000 + | | | | HIGH | MEDIAN | LOW | | | |
| | Cumulative Total | | Average | | | | | | | |
| | \$ | % | \$ | % | | | | \$ | % | \$ |
| Accounting | 22,382,140 | 41.63% | 476,216 | 41.63% | 1,905,012.33 | 8.5% | 348,446.74 | 1.6% | 27,510.00 | 0.1% |
| Tax Preparation | 26,420,387 | 49.14% | 562,136 | 49.14% | 2,557,477.16 | 9.7% | 423,850.83 | 1.6% | 86,611.00 | 0.3% |
| Payroll Proceisng | 3,974,987 | 7.39% | 84,574 | 7.39% | 517,016.20 | 13.0% | 46,641.00 | 1.2% | 0.00 | 0.0% |
| Other | 984,351 | 1.83% | 20,944 | 1.83% | 147,769.00 | 15.0% | 2,745.15 | 0.3% | 0.00 | 0.0% |
| Total Revenue | 53,761,865.19 | 100.00% | 1,143,869.47 | 100.00% | | | | | | |
| Operating Expense | | | | | | | | | | |
| Salaries | 17,252,781.57 | 32.09% | 367,080.46 | 32.09% | 1,527,489.40 | 8.9% | 220,745.00 | 1.3% | 39,876.00 | 0.2% |
| Payroll Taxes & Benefits | 2,469,375.59 | 4.59% | 52,539.91 | 4.59% | 214,760.48 | 8.7% | 32,107.00 | 1.3% | 3,774.00 | 0.2% |
| Insurance | 508,055.27 | 0.95% | 10,809.69 | 0.95% | 71,444.54 | 14.1% | 7,363.14 | 1.4% | 1,464.00 | 0.3% |
| Supplies | 366,170.83 | 0.68% | 7,790.87 | 0.68% | 196,783.14 | 53.7% | 2,644.00 | 0.7% | 0.00 | 0.0% |
| Marketing | 1,049,352.46 | 1.95% | 22,326.65 | 1.95% | 93,219.00 | 8.9% | 7,315.00 | 0.7% | 0.00 | 0.0% |
| Rents | 2,116,685.52 | 3.94% | 45,035.86 | 3.94% | 187,949.56 | 8.9% | 36,578.00 | 1.7% | 0.00 | 0.0% |
| Outside Labor | 2,520,287.76 | 4.69% | 53,623.14 | 4.69% | 900,891.43 | 35.7% | 16,854.32 | 0.7% | 0.00 | 0.0% |
| Travel | 494,371.99 | 0.92% | 10,518.55 | 0.92% | 50,420.11 | 10.2% | 6,737.00 | 1.4% | 0.00 | 0.0% |
| Utilities | 263,152.46 | 0.49% | 5,598.99 | 0.49% | 47,790.00 | 18.2% | 2,759.34 | 1.0% | 0.00 | 0.0% |
| Licenses & Taxes | 280,485.43 | 0.52% | 5,967.78 | 0.52% | 39,296.00 | 14.0% | 1,954.00 | 0.7% | 0.00 | 0.0% |
| Postage & Delivery | 113,997.37 | 0.21% | 2,425.48 | 0.21% | 15,731.18 | 13.8% | 1,441.91 | 1.3% | 0.00 | 0.0% |
| Meals & Entertainment | 268,478.43 | 0.50% | 5,712.31 | 0.50% | 32,718.57 | 12.2% | 3,060.00 | 1.1% | 82.00 | 0.0% |
| Bank Fees | 487,252.76 | 0.91% | 10,367.08 | 0.91% | 65,584.27 | 13.5% | 8,876.90 | 1.8% | 0.00 | 0.0% |
| Office Expense | 4,088,362.08 | 7.60% | 86,986.43 | 7.60% | 120,398.88 | 2.9% | 20,918.00 | 0.5% | 1,481.58 | 0.0% |
| Misc. Expense | 5,438,591.17 | 10.12% | 115,714.71 | 10.12% | 290,194.34 | 5.3% | 68,086.68 | 1.3% | 70.00 | 0.0% |
| Royalties | 3,270,778.43 | 6.08% | 69,591.03 | 6.08% | 208,753.00 | 6.4% | 60,513.00 | 1.9% | 21,709.00 | 0.7% |
| Total Operating Expense | 40,988,179.12 | 76.24% | 872,088.92 | 76.24% | | | | | | |
| Adjusted Operating Income/Loss | 12,773,686.07 | 23.76% | 271,780.55 | 23.76% | | | | | | |
| Number of Franchisees | 47 | | | | | | | | | |

| Adjusted Operating Income | | | | | | | | | | |
|---------------------------------------|-----------------------|----------------|-------------------|----------------|------------|--------|------------|------|------------|------|
| Revenue | \$300,000 - \$499,000 | | | | HIGH | MEDIAN | LOW | | | |
| | Cumulative Total | | Average | | | | | | | |
| | \$ | % | \$ | % | | | | \$ | % | \$ |
| Accounting | 3,678,247 | 39.69% | 159,924 | 39.69% | 295,300.75 | 8.0% | 169,074.23 | 4.6% | 13,984.00 | 0.4% |
| Tax Preparation | 4,650,408 | 50.18% | 202,192 | 50.18% | 418,288.81 | 9.0% | 186,338.00 | 4.0% | 100,299.00 | 2.2% |
| Payroll Proceisng | 843,383 | 9.10% | 23,427 | 5.81% | 142,669.00 | 16.9% | 13,025.00 | 1.5% | 0.00 | 0.0% |
| Other | 94,774 | 1.02% | 4,121 | 1.02% | 32,914.25 | 34.7% | 1,600.00 | 1.7% | 0.00 | 0.0% |
| Total Revenue | 9,266,812.39 | 100.00% | 402,904.89 | 100.00% | | | | | | |
| Operating Expense | | | | | | | | | | |
| Salaries | 1,847,499.98 | 19.94% | 80,326.09 | 19.94% | 200,625.00 | 10.9% | 99,149.76 | 5.4% | 0.00 | 0.0% |
| Payroll Taxes & Benefits | 223,906.13 | 2.42% | 9,735.05 | 2.42% | 34,919.00 | 15.6% | 9,931.00 | 4.4% | 0.00 | 0.0% |
| Insurance | 123,441.06 | 1.33% | 5,367.00 | 1.33% | 20,574.91 | 16.7% | 3,490.00 | 2.8% | 0.00 | 0.0% |
| Supplies | 23,414.73 | 0.25% | 1,018.03 | 0.25% | 11,182.00 | 47.8% | 0.00 | 0.0% | 0.00 | 0.0% |
| Marketing | 130,748.68 | 1.41% | 5,684.73 | 1.41% | 17,011.00 | 13.0% | 4,293.00 | 3.3% | 0.00 | 0.0% |
| Rents | 408,761.05 | 4.41% | 17,772.22 | 4.41% | 49,500.00 | 12.1% | 13,825.00 | 3.4% | 0.00 | 0.0% |
| Outside Labor | 247,265.28 | 2.67% | 10,750.66 | 2.67% | 128,046.00 | 51.8% | 0.00 | 0.0% | 0.00 | 0.0% |
| Travel | 66,315.26 | 0.72% | 2,883.27 | 0.72% | 13,741.00 | 20.7% | 1,587.00 | 2.4% | 0.00 | 0.0% |
| Utilities | 77,398.79 | 0.84% | 3,365.16 | 0.84% | 13,810.66 | 17.8% | 2,193.00 | 2.8% | 0.00 | 0.0% |
| Licenses & Taxes | 37,639.73 | 0.41% | 1,636.51 | 0.41% | 13,760.00 | 36.6% | 588.00 | 1.6% | 0.00 | 0.0% |
| Postage & Delivery | 21,399.80 | 0.23% | 930.43 | 0.23% | 4,789.00 | 22.4% | 505.36 | 2.4% | 0.00 | 0.0% |
| Meals & Entertainment | 52,539.32 | 0.57% | 2,284.32 | 0.57% | 11,464.57 | 21.8% | 724.00 | 1.4% | 0.00 | 0.0% |
| Bank Fees | 52,737.15 | 0.57% | 2,292.92 | 0.57% | 10,896.23 | 20.7% | 1,369.00 | 2.6% | 0.00 | 0.0% |
| Office Expense | 828,295.79 | 8.94% | 36,012.86 | 8.94% | 26,648.00 | 3.2% | 9,601.00 | 1.2% | 0.00 | 0.0% |
| Misc. Expense | 1,019,743.62 | 11.00% | 44,336.68 | 11.00% | 74,220.00 | 7.3% | 29,465.00 | 2.9% | 0.00 | 0.0% |
| Royalties | 704,409.69 | 7.60% | 30,626.51 | 7.60% | 40,170.00 | 5.7% | 33,437.12 | 4.7% | 5,445.26 | 0.8% |
| Total Operating Expense | 5,865,516.06 | 63.30% | 255,022.44 | 63.30% | | | | | | |
| Adjusted Operating Income/Loss | 3,401,296.33 | 36.70% | 147,882.45 | 36.70% | | | | | | |
| Number of Franchisees | 23 | | | | | | | | | |

| Adjusted Operating Income | | | | | | | | | | |
|---------------------------------------|-----------------------|----------------|-------------------|----------------|------------|-------|-----------|------|----------|------|
| Revenue | \$100,000 - \$299,999 | | | | HIGH | | MEDIAN | | LOW | |
| | Cumulative Total | | Average | | | | | | | |
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Accounting | 3,958,453 | 46.33% | 89,965 | 46.33% | 247,387.00 | 6.2% | 90,009.00 | 2.3% | 0.00 | 0.0% |
| Tax Preparation | 4,024,211 | 47.10% | 91,459 | 47.10% | 214,836.00 | 5.3% | 79,122.26 | 2.0% | 0.00 | 0.0% |
| Payroll Processing | 323,551 | 3.79% | 7,353 | 3.79% | 68,525.76 | 21.2% | 1,516.25 | 0.5% | 0.00 | 0.0% |
| Other | 238,169 | 2.79% | 5,413 | 2.79% | 52,750.00 | 22.1% | 527.54 | 0.2% | 0.00 | 0.0% |
| Total Revenue | 8,544,384.77 | 100.00% | 194,190.56 | 100.00% | | | | | | |
| Operating Expense | | | | | | | | | | |
| Salaries | 1,716,286.52 | 20.09% | 39,006.51 | 0.46% | 200,164.95 | 11.7% | 29,824.50 | 1.7% | 0.00 | 0.0% |
| Payroll Taxes & Benefits | 201,970.00 | 2.36% | 4,590.23 | 0.05% | 24,853.34 | 12.3% | 3,557.00 | 1.8% | 0.00 | 0.0% |
| Insurance | 109,753.74 | 1.28% | 2,494.40 | 0.03% | 9,800.00 | 8.9% | 2,230.00 | 2.0% | 0.00 | 0.0% |
| Supplies | 108,624.17 | 1.27% | 2,468.73 | 0.03% | 22,115.00 | 20.4% | 900.84 | 0.8% | 0.00 | 0.0% |
| Marketing | 126,422.73 | 1.48% | 2,873.24 | 0.03% | 24,550.00 | 19.4% | 1,800.00 | 1.4% | 0.00 | 0.0% |
| Rents | 501,528.79 | 5.87% | 11,398.38 | 0.13% | 36,622.00 | 7.3% | 9,487.50 | 1.9% | 0.00 | 0.0% |
| Outside Labor | 303,841.49 | 3.56% | 6,905.49 | 0.08% | 72,807.59 | 24.0% | 0.00 | 0.0% | 0.00 | 0.0% |
| Travel | 81,443.99 | 0.95% | 1,851.00 | 0.02% | 10,241.55 | 12.6% | 942.50 | 1.2% | 0.00 | 0.0% |
| Utilities | 67,197.09 | 0.79% | 1,527.21 | 0.02% | 5,310.17 | 7.9% | 872.07 | 1.3% | 0.00 | 0.0% |
| Licenses & Taxes | 39,668.85 | 0.46% | 901.56 | 0.01% | 5,610.00 | 14.1% | 407.80 | 1.0% | 0.00 | 0.0% |
| Postage & Delivery | 28,041.11 | 0.33% | 637.30 | 0.01% | 4,687.00 | 16.7% | 194.50 | 0.7% | 0.00 | 0.0% |
| Meals & Entertainment | 58,969.52 | 0.69% | 1,340.22 | 0.02% | 11,597.00 | 19.7% | 339.00 | 0.6% | 0.00 | 0.0% |
| Bank Fees | 74,854.44 | 0.88% | 1,701.24 | 0.02% | 21,437.58 | 28.6% | 307.00 | 0.4% | 0.00 | 0.0% |
| Office Expense | 832,562.70 | 9.74% | 18,921.88 | 0.22% | 36,288.00 | 4.4% | 4,935.00 | 0.6% | 0.00 | 0.0% |
| Misc. Expense | 1,101,009.69 | 12.89% | 25,022.95 | 0.29% | 55,371.00 | 5.0% | 14,971.50 | 1.4% | 4,244.00 | 0.4% |
| Royalties | 730,701.43 | 8.55% | 16,606.85 | 0.19% | 27,171.36 | 3.7% | 17,079.55 | 2.3% | 8,598.97 | 1.2% |
| Total Operating Expense | 6,082,876.26 | 71.19% | 138,247.19 | 71.19% | | | | | | |
| Adjusted Operating Income/Loss | 2,461,508.51 | 28.81% | 55,943.38 | 28.81% | | | | | | |
| Number of Franchisees | 44 | | | | | | | | | |
| Total Number of Franchisees | 130 | | | | | | | | | |

| Adjusted Operating Income | | | | | | | | | | |
|---------------------------------------|---------------------|----------------|------------------|----------------|-----------|-------|-----------|------|----------|------|
| Revenue | <\$100,000 | | | | HIGH | | MEDIAN | | LOW | |
| | Cumulative Total | | Average | | | | | | | |
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Accounting | 339,383 | 32.07% | 21,211 | 32.07% | 48,745.00 | 14.4% | 18,740.00 | 5.5% | 0.00 | 0.0% |
| Tax Preparation | 658,304 | 62.21% | 41,144 | 62.21% | 79,870.00 | 12.1% | 45,257.50 | 6.9% | 6,995.00 | 1.1% |
| Payroll Processing | 51,145 | 4.83% | 3,197 | 4.83% | 12,500.00 | 24.4% | 400.00 | 0.8% | 0.00 | 0.0% |
| Other | 9,350 | 0.88% | 584 | 0.88% | 7,580.00 | 81.1% | 0.00 | 0.0% | 0.00 | 0.0% |
| Total Revenue | 1,058,182.10 | 100.00% | 66,136.38 | 100.00% | | | | | | |
| Operating Expense | | | | | | | | | | |
| Salaries | 80,243.00 | 7.58% | 5,015.19 | 7.58% | 50,000.00 | 62.3% | 0.00 | 0.0% | 0.00 | 0.0% |
| Payroll Taxes & Benefits | 18,099.12 | 1.71% | 1,131.20 | 1.71% | 13,489.25 | 74.5% | 0.00 | 0.0% | 0.00 | 0.0% |
| Insurance | 29,661.38 | 2.80% | 1,853.84 | 2.80% | 4,047.04 | 13.6% | 1,374.50 | 4.6% | 25.68 | 0.1% |
| Supplies | 7,069.90 | 0.67% | 441.87 | 0.67% | 4,714.90 | 66.7% | 0.00 | 0.0% | 0.00 | 0.0% |
| Marketing | 68,831.11 | 6.50% | 4,301.94 | 6.50% | 4,900.00 | 7.1% | 1,800.00 | 2.6% | 0.00 | 0.0% |
| Rents | 59,254.00 | 5.60% | 3,703.38 | 5.60% | 12,915.00 | 21.8% | 2,151.00 | 3.6% | 0.00 | 0.0% |
| Outside Labor | 55,848.00 | 5.28% | 3,490.50 | 5.28% | 34,000.00 | 60.9% | 0.00 | 0.0% | 0.00 | 0.0% |
| Travel | 7,114.06 | 0.67% | 444.63 | 0.67% | 2,315.06 | 32.5% | 1.50 | 0.0% | 0.00 | 0.0% |
| Utilities | 10,383.79 | 0.98% | 648.99 | 0.98% | 5,143.00 | 49.5% | 0.00 | 0.0% | 0.00 | 0.0% |
| Licenses & Taxes | 13,764.59 | 1.30% | 860.29 | 1.30% | 9,159.00 | 66.5% | 191.38 | 1.4% | 0.00 | 0.0% |
| Postage & Delivery | 6,862.97 | 0.65% | 428.94 | 0.65% | 1,895.55 | 27.6% | 72.88 | 1.1% | 0.00 | 0.0% |
| Meals & Entertainment | 14,021.35 | 1.33% | 876.33 | 1.33% | 5,879.35 | 41.9% | 0.00 | 0.0% | 0.00 | 0.0% |
| Bank Fees | 2,765.19 | 0.26% | 172.82 | 0.26% | 587.00 | 21.2% | 64.20 | 2.3% | 0.00 | 0.0% |
| Office Expense | 196,289.59 | 18.55% | 12,268.10 | 18.55% | 7,132.34 | 3.6% | 2,566.00 | 1.3% | 0.00 | 0.0% |
| Misc. Expense | 246,672.21 | 23.31% | 15,417.01 | 23.31% | 23,606.38 | 9.6% | 12,190.50 | 4.9% | 7,020.00 | 2.8% |
| Royalties | 156,219.35 | 14.76% | 9,763.71 | 14.76% | 12,283.20 | 7.9% | 9,457.51 | 6.1% | 8,153.55 | 5.2% |
| Total Operating Expense | 973,099.61 | 91.96% | 60,818.73 | 91.96% | | | | | | |
| Adjusted Operating Income/Loss | 85,082.49 | 8.04% | 5,317.66 | 8.04% | | | | | | |
| Number of Franchisees | 16 | | | | | | | | | |

The table below reflects the average total revenue grown of firms that have joined Padgett since 2022.

| | | | |
|--|-------------|-------------|-------------|
| Converting Franchisee Revenue Growth | | | |
| <i>Year Converted</i> | 2022 | 2023 | 2024 |
| <i>Number of Firms</i> | 1 | 3 | 5 |
| <i>Average % Gross Revenue Growth of Firms Since Conversion Date</i> | 67.6% | 53.8% | 12.9% |

Note 1. Above percentages include gross revenue data from the date of converting through 12/31/25.

Note 2. Above data does not include the 1 converting franchisee from 2023 who exercised an opt out of their franchise as permitted by the terms of their franchise agreement.

Note 3. Above data does not include 1 converting franchisee that sold their franchise to an existing Padgett owner.

Note 4. Name and contact information of the converting franchisees are available upon request.

Other than the preceding financial performance representation, PADGETT 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 Roger Harris, 1550 Timothy Road, Suite 101, Athens, GA, 30606, (706) 548-1040, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information

The information in the following tables is for our fiscal years 2023, 2024 and 2025. Our fiscal year-end is December 31 of that year.

Table No. 1

Systemwide Outlet Summary For Fiscal Years 2023 to 2025

| 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 | 2023 | 172 | 165 | -7 |
| | 2024 | 165 | 166 | +1 |
| | 2025 | 166 | 164 | -2 |