

Provision	Section in franchise or other agreement	Summary
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, 2023, PADGETT had 166 franchised locations operated by 152 franchisees in the U.S. subject to revenue reporting requirements. As of the filing date of this document, 122 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 29 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 2023 if he/she closed during that year. 10 of these 122 franchisees operated multiple locations. 2 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).

For the fiscal year ending December 31, 2023, of the 122 USA Franchisees that reported, revenues increased from \$56.4 million to \$58.3 million for an increase of \$1.9 million over the prior year.

As of December 31, 2023, the average monthly fee paid by Padgett clients was \$325. This is compared to \$331 as of December 31, 2022. Of the 122 franchisees submitting complete financial data, sales data as of December 31, 2023, shows that 42 franchisees were at or above the average amount.

In addition to the aforementioned \$325 average monthly fee (or \$3,900 annually), for the fiscal year ending December 31, 2023, the average tax preparation fees were equivalent to \$1,946 per monthly client, or 33.3% 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 \$5,846. 101 of the 122 franchisees included in this report, or 84.2%, attained or surpassed the average on-going annual revenue from a client.

Franchisee profitability was also analyzed for franchisees' fiscal years that ended during PADGETT's fiscal year ending December 31, 2023, 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 122 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. In reviewing this information, you will need to account for those variable expenses that you will incur in operating your business. 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 averaged 36.6% of revenues.

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, "mean" 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. 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, 160 Hawthorne Park, Athens, GA, 30606, (706) 548-1040, the Federal Trade Commission, and the appropriate state regulatory agencies.

Franchisee Revenues	Adjusted Profit Percent			
	Average	High	Mean	Low
\$500,000 +	34.5	55.9	27.7	(0.5)
\$300,000 - \$499,999	40.7	67.5	14.2	(0.4)
\$100,000 - \$299,999	43.2	54.6	16.5	(0.4)
Total \$100,000 +	36.6			
< \$100,000	37.2	45.6	22.7	(1.0)
Total	36.6			

CUMULATIVE TOTALS					
FRANCHISEES' ADJUSTED PROFITS REPORTED BY FDD REGISTRATION DATE					
FISCAL YEAR ENDING 12/31/2023					
	(Franchisees)		SUMMARY FINANCIAL INFO		
	Locations Operated				
FRANCHISEE REVENUES	NUMBER	% OF TOT	REVENUE	\$ PROFIT	% PROFIT
\$500,000 +	(42) 42	(34.4) 34.4	40,762,533	14,074,275	34.5
\$300,000 - \$499,999	(24) 24	(19.7) 19.7	9,717,234	3,958,895	40.7
\$100,000 - \$299,999	(36) 36	(29.5) 29.5	6,768,845	2,921,065	43.2
< \$100,000	(20) 20	(16.4) 16.4	1,201,224	446,919	37.2
TOTAL	(122) 122	(100.0) 100.0	58,449,836	21,401,153	36.6

**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 2023, 16 Padgett franchises exceeded \$1 million in revenues.

Note 2: For fiscal year 2023 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 15%, the top 50 franchises grew by an average of 18.5%, the top 100 franchises grew by an average of 16% and the bottom 50 franchises grew by an average of 6%.

Note 3: For fiscal year 2021, franchisees grew overall by an average of 14%, the percentage of growth was 15% for the top 50 franchisees, 14% for the top 100 franchisees, and 5.5% for the bottom 50 franchisees and there were 14 million dollar franchise members - while for fiscal year 2020 franchisees grew overall by an average of 3.5%, the percentage of growth was 4% for the top 50 franchisees, 4% for the top 100 franchisees, and -2% for the bottom 50 franchisees while there were 6 million dollar franchise members.

Adjusted Operating Income									
\$500,000 +									
Revenue	Cumulative Total		Average		HIGH		MEDIAN		LOW
	\$	%	\$	%	\$	%	\$	%	\$
Financial Reporting	15,546,530	38.14%	370,155	38.14%	1,014,178.00	6.5%	361,957.00	2.3%	55,255.00
Tax Preparation	19,876,085	48.76%	473,240	48.76%	1,452,870.63	7.3%	418,663.00	2.1%	148,080.00
Payroll Processing	3,005,029	7.37%	71,548	7.37%	417,698.00	13.9%	37,275.50	1.2%	0.00
Start Up / Backwork	248,415	0.61%	5,915	0.61%	74,209.00	29.9%	0.00	0.0%	0.00
Other	2,086,475	5.12%	49,678	5.12%	35,188.00	1.7%	28298.00	1.4%	0.00
<b>Total Revenue</b>	<b>40,762,533</b>	<b>100.00%</b>	<b>970,536</b>	<b>100.00%</b>					
<b>Operating Expense</b>									
Salaries	12,690,629.12	31.13%	302,157.84	31.13%	1,157,804.45	9.1%	205,716.00	1.6%	5,610.00
Payroll Taxes & Benefits	1,670,947.11	4.10%	39,784.46	4.10%	141,476.34	8.5%	29,567.40	1.8%	4,276.00
Insurance	352,084.20	0.86%	8,382.96	0.86%	28,149.00	8.0%	6,861.74	1.9%	462.00
Supplies	223,041.30	0.55%	5,310.51	0.55%	69,593.00	31.2%	2,350.00	1.1%	0.00
Marketing	375,391.53	0.92%	8,937.89	0.92%	44,980.00	12.0%	5,564.30	1.5%	0.00
Rents	1,510,664.28	3.71%	35,968.20	3.71%	168,578.96	11.2%	25,200.00	1.7%	0.00
Outside Labor	1,469,433.93	3.60%	34,986.52	3.60%	236,441.00	16.1%	6,800.00	0.5%	0.00
Travel	370,717.69	0.91%	8,826.61	0.91%	37,436.59	10.1%	5,820.97	1.6%	0.00
Utilities	230,902.71	0.57%	5,497.68	0.57%	41,703.31	18.1%	3,713.00	1.6%	0.00
Licenses & Taxes	242,650.26	0.60%	5,777.39	0.60%	30,308.23	12.5%	4,037.00	1.7%	0.00
Postage & Delivery	98,267.25	0.24%	2,339.70	0.24%	9,623.00	9.8%	1,694.00	1.7%	0.00
Meals & Entertainment	239,925.62	0.59%	5,712.51	0.59%	33,890.23	14.1%	4,201.00	1.8%	0.00
Bank Fees	402,869.86	0.99%	9,592.14	0.99%	41,265.00	10.2%	7,776.00	1.9%	0.00
Office Expense	1,352,067.50	3.32%	32,192.08	3.32%	130,097.00	9.6%	23,831.99	1.8%	5,479.86
Misc. Expense	3,018,709.35	7.41%	71,874.03	7.41%	231,460.79	7.7%	54,469.96	1.8%	2,960.00
Royalties	2,439,955.80	5.99%	58,094.19	5.99%	106,870.72	4.4%	54,311.00	2.2%	33,830.00
<b>Total Operating Expense</b>	<b>26,688,258</b>	<b>65.47%</b>	<b>635,435</b>	<b>65.47%</b>					
<b>Adjusted Operating Income/Lo</b>	<b>14,074,275</b>	<b>34.53%</b>	<b>335,102</b>	<b>34.53%</b>					
<b>Number of Franchisees</b>	<b>42</b>								

Adjusted Operating Income									
\$300,000 - \$499,000									
Revenue	Cumulative Total		Average		HIGH		MEDIAN		LOW
	\$	%	\$	%	\$	%	\$	%	\$
Financial Reporting	4,304,013	44.29%	179,334	44.29%	471,231.92	10.9%	172,545.00	4.0%	54,560.00
Tax Preparation	3,881,769	39.95%	161,740	39.95%	348,589.00	9.0%	162,148.50	4.2%	0.00
Payroll Processing	809,060	8.33%	33,711	8.33%	200,723.00	24.8%	23,557.00	2.9%	0.00
Start Up / Backwork	71,737	0.74%	2,989	0.74%	2,989.03	4.2%	0.00	0.0%	0.00
Other	650,656	6.70%	27,111	6.70%	27,110.74	4.2%	7,659.00	1.2%	0.00
<b>Total Revenue</b>	<b>9,717,234</b>	<b>100.00%</b>	<b>404,885</b>	<b>100.00%</b>					
<b>Operating Expense</b>									
Salaries	2,055,725.89	21.16%	85,655.25	21.16%	233,445.00	11.4%	72,000.00	3.5%	0.00
Payroll Taxes & Benefits	334,403.58	3.44%	13,933.48	3.44%	56,019.00	16.8%	11,023.36	3.3%	0.00
Insurance	96,295.51	0.99%	4,012.31	0.99%	11,042.00	11.5%	3313.00	3.4%	1,206.00
Supplies	109,783.52	1.13%	4,574.31	1.13%	33,545.00	30.6%	1,963.65	1.8%	0.00
Marketing	176,371.48	1.82%	7,348.81	1.82%	52,618.00	29.8%	3,908.00	2.2%	0.00
Rents	383,336.85	3.94%	15,972.37	3.94%	38,400.00	10.0%	14,780.00	3.9%	0.00
Outside Labor	320,821.46	3.30%	13,367.56	3.30%	87,675.00	27.3%	1,650.00	0.5%	0.00
Travel	70,966.11	0.73%	2,956.92	0.73%	9,493.00	13.4%	2,659.00	3.7%	0.00
Utilities	65,445.79	0.67%	2,726.91	0.67%	9,871.00	15.1%	2,458.46	3.8%	0.00
Licenses & Taxes	68,691.81	0.71%	2,862.16	0.71%	34,567.40	50.3%	1,037.75	1.5%	0.00
Postage & Delivery	27,481.82	0.28%	1,145.08	0.28%	4,460.00	16.2%	1,053.32	3.8%	0.00
Meals & Entertainment	58,996.78	0.61%	2,458.20	0.61%	11,110.92	18.8%	1,180.00	2.0%	0.00
Bank Fees	70,996.44	0.73%	2,958.19	0.73%	13,988.42	19.7%	1,342.94	1.9%	-428.00
Office Expense	345,090.32	3.55%	14,378.76	3.55%	32,190.00	9.3%	14,366.00	4.2%	4,513.15
Misc. Expense	781,980.24	8.05%	32,582.51	8.05%	163,440.27	20.9%	42,634.85	5.5%	2,960.00
Royalties	791,952.12	8.15%	32,998.01	8.15%	44,689.00	5.6%	32,771.00	4.1%	20,610.00
<b>Total Operating Expense</b>	<b>5,758,340</b>	<b>59.26%</b>	<b>239,931</b>	<b>59.26%</b>					
<b>Adjusted Operating Income</b>	<b>3,958,895</b>	<b>40.74%</b>	<b>164,954</b>	<b>40.74%</b>					
<b>Number of Franchisees</b>	<b>24</b>								

Adjusted Operating Income									
\$100,000 - \$299,999									
Revenue	Cumulative Total		Average		HIGH		MEDIAN		LOW
	\$	%	\$	%	\$	%	\$	%	\$
Financial Reporting	2,932,827	43.33%	81,467	43.33%	193,998.00	6.6%	90,340.00	3.1%	0.00
Tax Preparation	3,032,716	44.80%	84,242	44.80%	206,193.00	6.8%	73,716.00	2.4%	1,147.00
Payroll Processing	457,017	6.75%	12,695	6.75%	92,614.00	20.3%	2,435.00	0.5%	0.00
Start Up / Backwork	71,531	1.06%	1,987	1.06%	38,085.00	53.2%	0.00	0.0%	0.00
Other	274,754	4.06%	7,632	4.06%	52,463.00	19.1%	1250.00	0.5%	0.00
<b>Total Revenue</b>	<b>6,768,845</b>	<b>100.00%</b>	<b>188,023</b>	<b>100.00%</b>					
<b>Operating Expense</b>									
Salaries	1,389,975.81	20.53%	38,610.44	0.57%	190,053.56	13.7%	37,845.00	2.7%	0.00
Payroll Taxes & Benefits	151,706.56	2.24%	4,214.07	0.06%	17,981.33	11.9%	4,432.00	2.9%	0.00
Insurance	64,448.70	0.95%	1,790.24	0.03%	5,160.00	8.0%	1,692.00	2.6%	0.00
Supplies	56,599.37	0.84%	1,572.20	0.02%	9,824.45	17.4%	578.00	1.0%	0.00
Marketing	75,412.00	1.11%	2,094.78	0.03%	6,083.00	8.1%	1,800.00	2.4%	0.00
Rents	332,290.87	4.91%	9,230.30	0.14%	25,200.00	7.6%	8,818.00	2.7%	0.00
Outside Labor	91,304.51	1.35%	2,536.24	0.04%	25,965.00	28.4%	195.00	0.2%	0.00
Travel	67,106.28	0.99%	1,864.06	0.03%	7,027.00	10.5%	1,367.19	2.0%	0.00
Utilities	45,746.30	0.68%	1,270.73	0.02%	5,982.38	13.1%	0.00	0.0%	0.00
Licenses & Taxes	33,497.97	0.49%	930.50	0.01%	11,826.00	35.3%	315.00	0.9%	0.00
Postage & Delivery	24,025.61	0.35%	667.38	0.01%	4,353.00	18.1%	294.57	1.2%	0.00
Meals & Entertainment	46,368.26	0.69%	1,288.01	0.02%	10,019.02	21.6%	532.24	1.1%	0.00
Bank Fees	26,616.70	0.39%	739.35	0.01%	6,118.00	23.0%	181.00	0.7%	0.00
Office Expense	379,294.86	5.60%	10,535.97	0.16%	42,718.00	11.3%	6,149.00	1.6%	0.00
Misc. Expense	467,041.49	6.90%	12,973.37	0.19%	29,089.00	6.2%	11,555.00	2.5%	3,837.00
Royalties	596,345.11	8.81%	16,565.14	0.24%	24,752.00	4.2%	17,368.00	2.9%	7,359.91
<b>Total Operating Expense</b>	<b>3,847,780</b>	<b>56.85%</b>	<b>106,883</b>	<b>56.85%</b>					
<b>Adjusted Operating Income/Lo</b>	<b>2,921,065</b>	<b>43.15%</b>	<b>81,141</b>	<b>43.15%</b>					
<b>Number of Franchisees</b>	<b>36</b>								

Adjusted Operating Income									
<\$100,000									
Revenue	Cumulative Total		Average		HIGH		MEDIAN		LOW
	\$	%	\$	%	\$	%	\$	%	\$
Financial Reporting	499,887	41.61%	24,994	41.61%	45,425.00	9.1%	28,400.00	5.7%	0.00
Tax Preparation	651,763	54.26%	32,588	54.26%	63,375.00	9.7%	35,060.00	5.4%	3210.00
Payroll Processing	32,451	2.70%	1,623	2.70%	16,550.00	51.0%	0.00	0.0%	0.00
Start Up / Backwork	1,800	0.15%	90	0.15%	1,200.00	66.7%	0.00	0.0%	0.00
Other	15,323	1.28%	766	1.28%	4,000.00	26.1%	0.00	0.0%	0.00
<b>Total Revenue</b>	<b>1,201,224</b>	<b>100.00%</b>	<b>60,061</b>	<b>100.00%</b>					
<b>Operating Expense</b>									
Salaries	106,147.50	8.84%	5,307.38	8.84%	60,000.00	56.5%	0.00	0.0%	0.00
Payroll Taxes & Benefits	23,621.90	1.97%	1,181.10	1.97%	2,678.00	11.3%	138.00	0.6%	0.00
Insurance	29,897.42	2.49%	1,494.87	2.49%	3,690.00	12.3%	1,285.00	4.3%	0.00
Supplies	6,446.45	0.54%	322.32	0.54%	3,780.00	58.6%	0.00	0.0%	0.00
Marketing	55,960.88	4.66%	2,798.04	4.66%	25,062.00	44.8%	1,965.00	3.5%	0.00
Rents	64,869.00	5.40%	3,243.45	5.40%	10,980.00	16.9%	2,984.00	4.6%	0.00
Outside Labor	50,855.00	4.23%	2,542.75	4.23%	35,000.00	68.8%	0.00	0.0%	0.00
Travel	11,723.82	0.98%	586.19	0.98%	4,806.00	41.0%	0.00	0.0%	-137.40
Utilities	15,025.78	1.25%	751.29	1.25%	6,315.00	42.0%	0.00	0.0%	0.00
Licenses & Taxes	8,877.19	0.74%	443.86	0.74%	5,046.00	56.8%	120.00	1.4%	0.00
Postage & Delivery	3,946.64	0.33%	197.33	0.33%	1,353.14	34.3%	53.00	1.3%	0.00
Meals & Entertainment	1,473.26	0.12%	73.66	0.12%	438.00	29.7%	0.00	0.0%	0.00
Bank Fees	4,269.07	0.36%	213.45	0.36%	1,388.00	32.5%	39.00	0.9%	0.00
Office Expense	78,154.51	6.51%	3,907.73	6.51%	12,321.44	15.8%	4,060.00	5.2%	425.00
Misc. Expense	137,482.01	11.45%	6,874.10	11.45%	17,033.00	12.4%	6,359.04	4.6%	0.00
Royalties	155,554.64	12.95%	7,777.73	12.95%	14,604.00	9.4%	9,000.00	5.8%	1,318.72
<b>Total Operating Expense</b>	<b>754,305</b>	<b>62.79%</b>	<b>37,715</b>	<b>62.79%</b>					
<b>Adjusted Operating Income</b>	<b>446,919</b>	<b>37.21%</b>	<b>22,346</b>	<b>37.21%</b>					
<b>Number of Franchisees</b>	<b>20</b>								

## Item 20: Outlets and Franchisee Information

The information in the following tables is for our fiscal years 2021, 2022 and 2023. Our fiscal year-end is December 31 of that year.

**Table No. 1**  
**Systemwide Outlet**  
**Summary For Fiscal**  
**Years 2021 to 2023**

<b>Column 1</b> <b>Outlet Type</b>	<b>Column 2</b> <b>Year</b>	<b>Column 3</b> <b>Outlets at the</b> <b>Start of the Year</b>	<b>Column 4</b> <b>Outlets at the end</b> <b>of the Year</b>	<b>Column 5</b> <b>Net Change</b>
Franchised	2021	199	173	-26
	2022	173	173	0
	2023	173	166	-7
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	199	173	-26
	2022	173	173	0
	2023	173	166	-7

**Table No. 2**  
**Transfers of Outlets From Franchisees to New Owners (Other than the**  
**Franchisor) For Fiscal Years 2021 to 2023**

<b>Column 1</b> <b>State</b>	<b>Column 2</b> <b>Year</b>	<b>Column 3</b> <b>Number of Transfers</b>
Alabama	2021	2
	2022	0
	2023	0
Arizona	2021	0
	2022	1
	2023	0
California	2021	0
	2022	1
	2023	0
Colorado	2021	1
	2022	0
	2023	1