

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, 2024, PADGETT had 167 franchised locations operated by 156 franchisees in the U.S. subject to revenue reporting requirements. As of the filing date of this document, 124 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 32 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 124 franchisees reporting operated multiple locations. 6 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, 2024, of the 124 USA Franchisees that reported, revenues increased from \$58.3 million to \$59.2 million for an increase of \$900,000 million over the prior year.

As of December 31, 2023, the average monthly fee paid by Padgett clients was \$441. This is compared to \$325 as of December 31, 2023. Of the 124 franchisees submitting complete financial data, sales data as of December 31, 2024, shows that 31 franchisees were at or above the average amount.

In addition to the aforementioned \$441 average monthly fee (or \$5,292 annually), for the fiscal year ending December 31, 2024, the average tax preparation fees were equivalent to \$4,750 per monthly client, or 47.3% 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 \$10,042. 88 of the 124 franchisees included in this report, or 71%, 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:

Annualized Ongoing Revenues/Client			High	Median	Mean	Low
Average monthly fee	\$441		\$9,104	\$441	\$316	\$59
Monthly fee annualized (X 12)	\$5,292		\$109,248	\$5,292	\$3,792	\$708
Tax Prep \$/% of total ongoing rev.	\$5,081	49.0%	\$323,397	\$5,081	\$11,225	\$2,096
Annual average fee with tax prep	\$10,373		\$214,149	\$10,373	\$7,433	\$1,388

Franchisee profitability was also analyzed for franchisees' fiscal years that ended during PADGETT's fiscal year ending December 31, 2024, 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 124 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 37.4% 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	Adjusted Profit Percent			
	Average	High	Mean	Low
\$500,000 +	34.6	20.4	44.8	27.4
\$300,000 - \$499,999	46.3	42.3	43.1	78.9
\$100,000 - \$299,999	39.7	(11.6)	40.6	(10.0)
Total \$100,000 +	37.4			
< \$100,000	38.5	13.6	56.2	0.0
Total	37.4			

CUMULATIVE TOTALS					
FRANCHISEES' ADJUSTED PROFITS REPORTED BY FDD REGISTRATION DATE					
FRANCHISEE REVENUES	FISCAL YEAR ENDING 12/31/2024				
	(Franchisees) Locations Operated		SUMMARY FINANCIAL INFO		
	NUMBER	% OF TOT	REVENUE	\$ PROFIT	% PROFIT
\$500,000 +	(38) 38	(30.6) 30.6	39,899,352	13,819,432	34.6
\$300,000 - \$499,999	(25) 25	(20.2) 20.2	10,114,003	4,683,944	46.3
\$100,000 - \$299,999	(42) 42	(33.9) 33.9	8,031,261	3,191,456	39.7
< \$100,000	(19) 19	(15.3) 15.3	1,158,191	445,605	38.5
TOTAL	(124) 124	(100.0) 100.0	59,202,807	22,140,438	37.4

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. For fiscal year 2022 franchises grew overall by an average of only 15%, the top 50 franchises grew by an average of 18.5% and the bottom 50 franchises grew by an average of 6%. There were 17 million dollar franchise members. 159 franchisees in 2021 and 143 for 2022 were not million dollar members.

Adjusted Operating Income										
Revenue	\$500,000 +				HIGH		MEDIAN		LOW	
	Cumulative Total		Average							
	\$	%	\$	%	\$	%	\$	%	\$	%
Financial Reporting	16,646,904	41.72%	438,076	41.72%	1,975,575.00	11.9%	404,677.00	2.4%	119,965.18	0.7%
Tax Preparation	18,974,697	47.56%	499,334	47.56%	2,041,123.00	10.8%	425,881.00	2.2%	159,576.50	0.8%
Payroll Processing	3,254,669	8.16%	85,649	8.16%	438,231.00	13.5%	39,148.00	1.2%	0.00	0.0%
Other	1,023,082	2.56%	26,923	2.56%	183,060.24	17.9%	10,465.00	1.0%	0.00	0.0%
Total Revenue	39,899,352	100.00%	1,049,983	100.00%						
Operating Expense										
Salaries	12,766,135.59	32.00%	335,950.94	32.00%	1,457,522.01	11.4%	252,177.90	2.0%	41,348.55	0.3%
Payroll Taxes & Benefits	1,774,160.83	4.45%	46,688.44	4.45%	36,652.37	2.1%	7,578.38	0.4%	0.00	0.0%
Insurance	360,326.96	0.90%	9,482.29	0.90%	44,742.00	12.4%	8,327.00	2.3%	1,411.00	0.4%
Supplies	334,107.32	0.84%	8,792.30	0.84%	138,985.00	41.6%	2,474.00	0.7%	0.00	0.0%
Marketing	436,197.31	1.09%	11,478.88	1.09%	71,390.00	16.4%	5,873.00	1.3%	0.00	0.0%
Rents	1,141,350.62	2.86%	30,035.54	2.86%	172,964.00	15.2%	26,514.00	2.3%	0.00	0.0%
Outside Labor	1,268,473.25	3.18%	33,380.88	3.18%	751,753.00	59.3%	3,600.00	0.3%	0.00	0.0%
Travel	330,778.60	0.83%	8,704.70	0.83%	103,218.00	31.2%	6,033.00	1.8%	0.00	0.0%
Utilities	216,825.22	0.54%	5,705.93	0.54%	31,098.80	14.3%	3,102.00	1.4%	0.00	0.0%
Licenses & Taxes	242,979.52	0.61%	6,394.20	0.61%	36,854.09	15.2%	2,611.75	1.1%	0.00	0.0%
Postage & Delivery	87,636.65	0.22%	2,306.23	0.22%	14,714.00	16.8%	1,461.49	1.7%	0.00	0.0%
Meals & Entertainment	220,311.73	0.55%	5,797.68	0.55%	33,889.39	15.4%	4,361.00	2.0%	0.00	0.0%
Bank Fees	377,012.99	0.94%	9,921.39	0.94%	55,363.00	14.7%	8,387.02	2.2%	0.00	0.0%
Office Expense	1,186,476.61	2.97%	31,223.07	2.97%	157,461.00	13.3%	24,483.00	2.1%	4,736.00	0.4%
Misc. Expense	3,130,205.41	7.85%	82,373.83	7.85%	475,937.00	15.2%	72,666.00	2.3%	3,834.00	0.1%
Royalties	2,206,941.23	5.53%	58,077.40	5.53%	107,090.00	4.9%	56,473.00	2.6%	25,377.68	1.1%
Total Operating Expense	26,079,920	65.36%	686,314	65.36%						
Adjusted Operating Income/Loss	13,819,432	34.64%	363,669	34.64%						
Number of Franchisees	38									

Adjusted Operating Income										
Revenue	\$300,000 - \$499,000									
	Cumulative Total		Average		HIGH		MEDIAN		LOW	
	\$	%	\$	%	\$	%	\$	%	\$	%
Financial Reporting	4,346,897	42.98%	173,876	42.98%	332,410.00	7.6%	163,031.38	3.8%	43,018.00	1.0%
Tax Preparation	4,529,044	44.78%	181,162	44.78%	397,460.00	8.8%	164,412.90	3.6%	73,479.25	1.6%
Payroll Processing	983,375	9.72%	39,335	9.72%	210,355.00	21.4%	19,594.00	2.0%	0.00	0.0%
Other	254,686	2.52%	10,187	2.52%	27,358.00	10.7%	4,208.00	1.7%	0.00	0.0%
venue	10,114,003	100.00%	404,560	100.00%						
Operating Expense										
Salaries	1,941,640.08	19.20%	77,665.60	19.20%	193,400.00	10.0%	80,651.95	4.2%	0.00	0.0%
Payroll Taxes & Benefits	276,082.86	2.73%	11,043.31	2.73%	17,021.00	6.2%	5,725.00	2.1%	0.00	0.0%
Insurance	116,838.05	1.16%	4,673.52	1.16%	19,960.21	17.1%	3,520.00	3.0%	0.00	0.0%
Supplies	60,035.10	0.59%	2,401.40	0.59%	14,416.19	24.0%	0.00	0.0%	0.00	0.0%
Marketing	111,891.88	1.11%	4,475.68	1.11%	18,660.00	16.7%	3,071.00	2.7%	0.00	0.0%
Rents	457,824.60	4.53%	18,312.98	4.53%	39,550.00	8.6%	16,966.60	3.7%	0.00	0.0%
Outside Labor	151,620.57	1.50%	6,064.82	1.50%	39,246.36	25.9%	1,500.00	1.0%	0.00	0.0%
Travel	52,659.97	0.52%	2,106.40	0.52%	9,787.09	18.6%	1,142.11	2.2%	0.00	0.0%
Utilities	53,550.68	0.53%	2,142.03	0.53%	9,871.00	18.4%	2,458.46	4.6%	0.00	0.0%
Licenses & Taxes	55,685.69	0.55%	2,227.43	0.55%	14,499.00	26.0%	973.31	1.7%	0.00	0.0%
Postage & Delivery	28,941.41	0.29%	1,157.66	0.29%	5,059.00	17.5%	673.77	2.3%	0.00	0.0%
Meals & Entertainment	81,176.83	0.80%	3,247.07	0.80%	9,408.00	11.6%	2,229.96	2.7%	0.00	0.0%
Bank Fees	48,600.69	0.48%	1,944.03	0.48%	9,100.00	18.7%	527.00	1.1%	-1,382.00	-2.8%
Office Expense	367,172.06	3.63%	14,686.88	3.63%	43,710.06	11.9%	12,427.00	3.4%	0.00	0.0%
Misc. Expense	837,867.07	8.28%	33,514.68	8.28%	74,698.00	8.9%	34,878.00	4.2%	3,063.93	0.4%
Royalties	788,470.96	7.80%	31,538.84	7.80%	39,701.73	5.0%	33,066.00	4.2%	22,844.96	2.9%
Total Operating Expense	5,430,059	53.69%	217,202	53.69%						
Adjusted Operating Income/Loss										
Number of Franchisees										
25										

Adjusted Operating Income										
	\$100,000 - \$299,999									
Revenue	Cumulative Total		Average		HIGH		MEDIAN		LOW	
	\$	%	\$	%	\$	%	\$	%	\$	%
Financial Reporting	3,684,696	45.88%	87,731	45.88%	170,658.00	4.6%	100,480.00	2.7%	0.00	0.0%
Tax Preparation	3,772,406	46.97%	89,819	46.97%	190,871.00	5.1%	72,034.50	1.9%	1,147.00	0.0%
Payroll Processing	429,178	5.34%	10,219	5.34%	73,705.02	17.2%	1,360.00	0.3%	0.00	0.0%
Other	144,981	1.81%	3,452	1.81%	41,847.37	28.9%	1250.00	0.9%	0.00	0.0%
Total Revenue	8,031,261	100.00%	191,220	100.00%						
Operating Expense										
Salaries	1,630,121.12	20.30%	38,812.41	0.48%	197,892.31	12.1%	42,773.80	2.6%	0.00	0.0%
Payroll Taxes & Benefits	262,907.20	3.27%	6,259.70	0.08%	53,936.61	20.5%	4,858.00	1.8%	0.00	0.0%
Insurance	97,543.58	1.21%	2,322.47	0.03%	6,645.00	6.8%	2,238.18	2.3%	0.00	0.0%
Supplies	72,413.06	0.90%	1,724.12	0.02%	14,585.77	20.1%	809.00	1.1%	0.00	0.0%
Marketing	117,086.18	1.46%	2,787.77	0.03%	21,441.29	18.3%	1,959.00	1.7%	0.00	0.0%
Rents	486,267.17	6.05%	11,577.79	0.14%	33,435.00	6.9%	10,200.00	2.1%	0.00	0.0%
Outside Labor	130,056.55	1.62%	3,096.58	0.04%	45,479.00	35.0%	300.00	0.2%	0.00	0.0%
Travel	67,248.08	0.84%	1,601.14	0.02%	12,492.00	18.6%	1,009.79	1.5%	0.00	0.0%
Utilities	78,683.95	0.98%	1,873.43	0.02%	11,588.76	14.7%	331.00	0.4%	0.00	0.0%
Licenses & Taxes	28,974.34	0.36%	689.87	0.01%	4,770.00	16.5%	324.00	1.1%	0.00	0.0%
Postage & Delivery	29,519.75	0.37%	702.85	0.01%	4,737.00	16.0%	372.76	1.3%	0.00	0.0%
Meals & Entertainment	41,448.85	0.52%	986.88	0.01%	7,749.00	18.7%	324.00	0.8%	0.00	0.0%
Bank Fees	48,805.06	0.61%	1,162.03	0.01%	11,067.57	22.7%	318.90	0.7%	0.00	0.0%
Office Expense	412,981.00	5.14%	9,832.88	0.12%	36,614.00	8.9%	8,015.00	1.9%	552.00	0.1%
Misc. Expense	644,989.68	8.03%	15,356.90	0.19%	38,122.13	5.9%	12,431.17	1.9%	2,688.68	0.4%
Royalties	690,759.32	8.60%	16,446.65	0.20%	31,854.00	4.6%	17,750.00	2.6%	9,458.34	1.4%
Total Operating Expense	4,839,805	60.26%	115,233	60.26%						
Adjusted Operating Income/Loss	3,191,456	39.74%	75,987	39.74%						
Number of Franchisees	42									
Total Number of Franchisees	124									

Adjusted Operating Income										
	<\$100,000									
Revenue	Cumulative Total		Average		HIGH		MEDIAN		LOW	
	\$	%	\$	%	\$	%	\$	%	\$	%
Financial Reporting	414,156	35.76%	21,798	35.76%	57,475.00	13.9%	22,375.00	5.4%	0.00	0.0%
Tax Preparation	664,603	57.38%	34,979	57.38%	69,447.00	10.4%	37,960.00	5.7%	0.00	0.0%
Payroll Processing	63,096	5.45%	3,321	5.45%	14,750.00	23.4%	0.00	0.0%	0.00	0.0%
Other	16,336	1.41%	860	1.41%	8,671.00	53.1%	0.00	0.0%	0.00	0.0%
Total Revenue	1,158,191	100.00%	60,967	100.00%	150,343.00		60,335.00			0.0%
Operating Expense										
Salaries	63,021.50	5.44%	3,316.92	5.44%	35,000.00	55.5%	0.00	0.0%	0.00	0.0%
Payroll Taxes & Benefits	14,320.37	1.24%	753.70	1.24%	10,425.00	72.8%	0.00	0.0%	0.00	0.0%
Insurance	28,587.56	2.47%	1,504.61	2.47%	3,917.00	13.7%	931.00	3.3%	0.00	0.0%
Supplies	7,759.00	0.67%	408.37	0.67%	4,286.00	55.2%	0.00	0.0%	0.00	0.0%
Marketing	34,524.00	2.98%	1,817.05	2.98%	7,370.00	21.3%	1,800.00	5.2%	0.00	0.0%
Rents	61,752.00	5.33%	3,250.11	5.33%	10,980.00	17.8%	3,487.00	5.6%	0.00	0.0%
Outside Labor	33,273.00	2.87%	1,751.21	2.87%	24,000.00	72.1%	0.00	0.0%	0.00	0.0%
Travel	5,964.92	0.52%	313.94	0.52%	4,337.17	72.7%	0.00	0.0%	0.00	0.0%
Utilities	11,176.63	0.97%	588.24	0.97%	5,432.72	48.6%	0.00	0.0%	0.00	0.0%
Licenses & Taxes	11,719.63	1.01%	616.82	1.01%	8,824.00	75.3%	50.00	0.4%	0.00	0.0%
Postage & Delivery	4,871.85	0.42%	256.41	0.42%	1,544.13	31.7%	50.00	1.0%	0.00	0.0%
Meals & Entertainment	8,290.06	0.72%	436.32	0.72%	4,561.00	55.0%	0.00	0.0%	0.00	0.0%
Bank Fees	4,753.12	0.41%	250.16	0.41%	1,176.00	24.7%	30.00	0.6%	0.00	0.0%
Office Expense	83,562.09	7.21%	4,398.00	7.21%	11,538.00	13.8%	3,220.71	3.9%	0.00	0.0%
Misc. Expense	186,518.73	16.10%	9,816.78	16.10%	25,432.95	13.6%	7,841.00	4.2%	0.00	0.0%
Royalties	152,491.18	13.17%	8,025.85	13.17%	11,925.00	7.8%	9,047.00	5.9%	0.00	0.0%
Total Operating Expense	712,586	61.53%	37,505	61.53%	170,748.97		26,456.71			
Adjusted Operating Income/Loss	445,605	38.47%	23,463	38.47%	20,405.97		33,878.29			
Number of Franchisees	19									

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.

Item 20: Outlets and Franchisee Information

The information in the following tables is for our fiscal years 2022, 2023 and 2024. Our fiscal year-end is December 31 of that year.

Table No. 1

Systemwide Outlet Summary For Fiscal Years 2022 to 2024

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	2022	173	173	0
	2023	173	166	-7
	2024	166	167	+1
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	173	173	0
	2023	173	166	-7
	2024	166	167	+1

Table No. 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor) For Fiscal Years 2022 to 2024

State	Year	Number of Transfers
Alabama	2022	0
	2023	0
	2024	0
Arizona	2022	1
	2023	0
	2024	0
California	2022	1
	2023	0
	2024	1
Colorado	2022	0
	2023	1
	2024	0