

PROVISION	SECTION	SUMMARY
		representations). You will be bound by non-compete if we exercise our right.
o. Franchisor's option to purchase franchisee's business	10.3(g)	We have an option to buy any assets of your business upon termination.
p. Death or disability of franchisee	9.6	Heirs must qualify or have 6 months to sell.
q. Non-competition covenants during the term of the franchise	8.6 and Attachment 7	No involvement in any competing business.
r. Non-competition covenants after the franchise is terminated or expires	8.6 and Attachment 7	No involvement for 2 years in any competing business that is located in Territory where your Office operated.
s. Modification of the agreement	11.4	Modification of agreement only by written agreement of parties. Manuals may change periodically.
t. Integration/merger clause	11.6	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	11.7, 11.8	Mediation and/or arbitration will be conducted by AAA in Fresno, California.
v. Choice of forum	11.7, 11.8	Mediation and/or arbitration will be conducted by AAA in Fresno, California.
w. Choice of law	11.2	Federal law as to arbitration and trademark rights. Otherwise, the laws of the state in which the Territory is predominantly located.

## **ITEM 18**

### **PUBLIC FIGURES**

We do not use any public figures to promote our franchise.

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The Federal Trade Commission's (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.

The following chart contains annual system-wide financial performance representations for calendar year 2024 for Offices that had been operating continuously for at least two years as of the end of that year. It typically takes franchisees at least 24 months to build and maintain a consistent book of Clients to whom they provide staffing services. The representations consist of:

(a) **Gross Billings** (as defined in Item 6), consisting of the overall revenues for Staffing Services provided by each Office;

(b) **Gross Margin** (as defined in Item 6), consisting of Net Billings (i.e., Gross Billings less certain billing adjustments – see Item 6) of temporary staff placements and collected permanent staff placements, less the compensation for temporary staff placements;

(c) **Franchisee Share** (as defined in Item 6), consisting of the Gross Margin remaining for the franchisee after deducting the Franchisor Share of 35% of Gross Margin for Temporary Staffing Services and 21% of Direct Hire Placement and Conversion Fees for Direct Hire Staffing Services and Temporary-to-Hire Staffing Services (see Item 6);

(d) **Average Bill Rate (Temp)** means the average rate each Office charges Clients for Temporary Staffing Services and Temporary-to-Hire Staffing Services during the year;

(e) **Gross Margin %** is the percentage of Gross Margin to Gross Billings;

(f) **Hourly Gross Margin** consists of the Gross Margin of each Office divided by its number of hours billed for temporary placements during the year; and

(g) **Hourly Franchisee Share** consists of the Franchisee Share of each Office divided by its number of hours billed for temporary placements during the year.

In each category, we have listed the amount or percentage achieved by the highest, lowest, average, and median Office within such category. For clarity, the Office that is the highest in one category may or may not be the Office that is the highest in another category – the Offices are each ranked within each independent category.

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**2024 CALENDAR YEAR FINANCIAL DATA FOR  
PRIDESTAFF OFFICES OPERATING FOR  
AT LEAST 2 YEARS AS OF THE END OF 2024**

	<b>Gross Billings</b>	<b>Gross Margin</b>	<b>Franchisee Share \$</b>	<b>Bill Rate (Temp)</b>	<b>Gross Margin %</b>	<b>Hourly Gross Margin</b>	<b>Hourly Franchisee Share</b>
<b>Franchised Offices (59 Offices)</b>							
High	\$13,077,032	\$2,921,791	\$2,026,778	\$39.67	38.42%	\$16.09	\$11.60
Median	\$2,397,604	\$561,176	\$371,816	\$26.83	22.79%	\$6.19	\$4.09
Low	\$360,488	\$67,375	\$43,794	\$21.04	15.24%	\$3.53	\$2.30
Average	\$2,819,636	\$645,749	\$432,920	\$26.77	22.90%	\$7.35	\$4.25
% Achieved Average	36%	39%	39%	51%	46%	32%	47%
# Achieved out of 59	21	23	23	30	27	19	28
<b>Company-Owned Offices (4 Offices)</b>							
High	\$18,137,839	\$4,335,858		\$34.19	29.71%	\$9.15	
Median	\$2,127,743	\$488,982		\$29.37	24.67%	\$7.90	
Low	\$352,426	\$104,707		\$27.83	22.49%	\$6.89	
Average	\$5,686,438	\$1,354,632		\$28.67	23.82%	\$7.96	
% Achieved Average	25%	25%		50%	75%	50%	
# Achieved out of 4	1	1		2	3	2	
<b>All Offices (63 Offices)</b>							
High	\$18,137,839	\$4,335,858		\$39.67	38.42%		
Median	\$2,397,604	\$561,176		\$27.58	22.82%		
Low	\$352,426	\$67,375		\$21.04	15.24%		
Average	\$3,001,655	\$690,757		\$26.99	23.01%		
% Achieved Average	33%	38%		52%	46%		
# Achieved out of 63	21	24		33	29		

**Notes to Item 19:**

1. **Some Offices have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**
2. As of December 31, 2024, there were 70 Franchised Offices and five Company-Owned Offices in operation. Of these 75 Offices, 65 were operated continuously for at least two years as of the end of 2024. Of those 65 Offices, the financial performance for 63 Offices has been included in this table. These results exclude financial performance information for the following Offices: (i) one Franchised Office that operated at least two years was excluded because it offered permanent placement service almost exclusively and, therefore, did not operate in the manner of a typical Office, (ii) one Company-Owned Office that operated at least two years was excluded because it was acquired by the Company in 2024 and transitioned to a Company-Owned Office during the year, and (iii) 11 Franchised Offices were excluded because they were not operational throughout the full two-year period (one of which opened during the period and 10 of which were temporary closed for portions of the period). The table also does not include five Franchised Offices that closed permanently during the 2023 calendar year and seven franchised Offices that closed permanently during the 2024 calendar year (all of which had operated for more than

12 months), which were, therefore, not open as of December 31, 2024 and did not continuously operate throughout the two-year period.

3. The four Company-Owned Offices include one Office that converted from a Franchised Office to a Company-Owned Office in 2023. We have included this Office, because it has been open for over two years and was operated as a Company-Owned Office for all of 2024. One Company-Owned Office converted from a Franchised Office to a Company-Owned Office in 2024 was excluded, because it was not operated as a Company-Owned Office for all of 2024.
4. The Offices represented in this Item 19 are substantially similar to the PrideStaff Office you will operate under the Franchise Agreement. Of the 63 Offices included in this financial performance representation, (a) PSF-branded services were offered by 13 Franchised Offices and five Company-Owned Offices and (b) GAR-branded services were offered by five Franchised Offices and two Company-Owned Offices. Offices included in this financial performance representation that offer PSF services are substantially similar to the PrideStaff Office that you will operate if you choose to participate in the PSF program. Offices included in this financial performance representation that offer GAR-branded services are substantially similar to the PrideStaff Office that you will operate if you choose to offer Direct Hire Staffing Services using the PrideStaff® mark.
5. Some of the Franchised Offices included in the representations operate with more than three office staff members and from more than one Approved Location in their Territory. Some of the Offices have operated for many years and have developed a significant base of our recurring Clients in their territories. The PrideStaff® name has developed goodwill in these areas that benefit these Offices that might not benefit newly-developed PrideStaff Offices in new markets.
6. These financial performance representations do not reflect all of the costs of sales, operating expenses or other costs or expenses that must be deducted from Franchisee Share to obtain your net income or profit. For example, you will incur the ongoing expense of your lease (which may vary greatly depending on your location), compensation for office staff, and other operating expenses, as well as compensation for your own efforts. You should conduct an independent investigation of the costs and expenses you will incur in operating your Office. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.
7. The Franchisor Share can be determined by deducting the Franchisee Share from the Gross Margin. We refer to the Franchisor Share when it is presented as a percentage of Gross Billings as the Equivalent Royalty Fee, because it is the amount of the Gross Billings generated by an Office that we retain in consideration for the intellectual property and services that we provide to a franchisee under the Franchise Agreement. In 2024, the Equivalent Royalty Fee retained by us related to the 59 franchised Offices included in this Item 19 averaged 7.86% of Gross Billings, with 28 (47%) Offices paying a higher Equivalent Royalty Fee. The median Equivalent Royalty Fee was 7.67% of Gross Billings, the lowest Equivalent Royalty Fee was 5.25% of Gross Billings, and the highest Equivalent Royalty Fee was 11.25% of Gross Billings. The Equivalent Royalty Fee varies by Office and from year to year, because (i) the mix of Temporary Staffing Service placements and

Direct Hire Staffing Service and Temporary-to-Hire Staffing Service placements varies (as the Franchisor Share is determined using a different formula for these different placements, as described in Item 6) and (ii) the Temporary Associate Expenses and billing adjustments that are deducted from Gross Billings to calculate the Gross Margin varies.

8. Your results will depend on many factors, some of which include your experience, the mix of businesses for which you offer staffing (which could include staffing for clerical and administrative positions, bookkeeping and accounting positions, and light industrial positions), competition, economic conditions, your advertising and marketing activities, and your skill in managing a business.
9. We calculated the figures in the table above using information that we maintain. No certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form. Written substantiation for these financial performance representations will be made available to you upon reasonable request.

Other than the preceding financial performance representations, we do 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 Christine Huebert, Chief Financial Officer, PrideStaff, Inc., 7535 North Palm Avenue, Suite 101, Fresno, CA 93711, Telephone (800) 774-3316, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20**

### **OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**

#### **SYSTEM-WIDE OUTLET SUMMARY FOR YEARS ENDING DECEMBER 31, 2022, 2023 AND 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	82	83	+1
	2023	83	77	-6
	2024	77	70	-7
Company-Owned	2022	3	3	0
	2023	3	4	+1
	2024	4	5	+1
Total Outlets	<b>2022</b>	<b>85</b>	<b>86</b>	<b>+1</b>
	<b>2023</b>	<b>86</b>	<b>81</b>	<b>-5</b>
	<b>2024</b>	<b>81</b>	<b>75</b>	<b>-6</b>