FRANCHISE DISCLOSURE DOCUMENT

PRIDESTAFF, INC.
A California corporation
7535 North Palm Avenue, Suite 101
Fresno, CA 93711
Telephone (800) 774-3316
Email: franchisedevelopment@pridestaff.com
URL: http://www.pridestaff.com

The franchised business provides temporary, temporary-to-hire, and direct hire staffing services of administration, general office services, light industrial, accounting, and other personnel.

The total investment necessary to begin operation of a new PRIDESTAFF® franchised business is $151,950 to $244,600. This includes $31,400 to $54,900 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operation of an existing, transferred PRIDESTAFF® franchised business is $105,600 to $164,100. This includes $5,000 to $24,900 that must be paid to the franchisor or an affiliate.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payments to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact PRIDESTAFF at 7535 North Palm Avenue, Suite 101, Fresno, CA 93711, (559) 449-5878 or email us at franchisedevelopment@pridestaff.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, such as a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You may contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You may also visit the FTC's home page at http://www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: April 15, 2026

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D-1 and D-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only PRIDESTAFF® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a PRIDESTAFF® franchisee?	Item 20 or Exhibits D-1 and D-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or arbitration only in California. Out-of-state mediation or arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or arbitrate with the franchisor in California than in your own state.

2. **Spousal Liability**. Your spouse may have to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

SPECIAL MICHIGAN NOTICE

The State of Michigan requires each franchisor to include the following notice in disclosure documents distributed in connection with Michigan franchise sales:

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice of it and a reasonable opportunity, which in no event need be more that 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c)(i).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Corporate Oversight Division, Franchise Section, Michigan Department of Attorney General, 670 Law Building, Lansing, Michigan 48913, Telephone (517) 335-7567.

Note: Despite paragraph (f) above, we intend, and we and you agree, to enforce fully the arbitration provisions of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

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EXHIBITS:

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The purpose of this disclosure document is to give you important legal and business information about PrideStaff, Inc., a California corporation, and the franchise we offer under the Franchise Agreement attached as Exhibit C-1 (the "**Franchise Agreement**").

We are a California corporation incorporated in 1985, and conduct business under the name "PrideStaff." George A. Rogers founded the business in 1978. We have no parent, predecessor (except as noted above) or affiliate.

We will refer to ourselves as "**we**" or "**us**". We will call the person or company to which we grant a franchise "**you**." The word "you" does not include your owners. If you are a partnership, corporation or limited liability company, the owner with a controlling interest in you is the "**Majority Owner**." If you are an individual franchisee, you are the Majority Owner. If applicable, we will call your affiliates and each of your owners, including your Majority Owner, your "**Related Parties**."

Our principal business address is 7535 North Palm Avenue, Suite 101, Fresno, California 93711. The name and address of our agent for service of process in this state are stated in Exhibit A to this disclosure document. We have been offering PRIDESTAFF® franchises since September 1995. We have never offered any other franchise.

We have operated businesses of the type being franchised since we were formed. Besides granting franchises and assisting our franchisees, we also operate specialty staffing service businesses in Fresno, California, placing pharmacists and pharmacy technicians under the name "RX relief" and insurance claims examiners and account managers under the name "Insurance Relief."

The Franchised Business

A standard PRIDESTAFF business (an "**Office**") provides staffing services and places administrative, general office, light industrial, and other personnel with our Clients (as defined below) on a temporary, temporary-to-hire, and direct hire basis. We refer to third-party franchisees that we license to operate Offices as "**Franchisees**." An Office operates in accordance with the System and under the Marks. Our "**System**" includes our business methods, specialized services, brand concepts, trade secrets, advertising materials, marketing strategies, and training techniques. Our "**Marks**" include the PRIDESTAFF® mark and other trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols we authorize you to use from time to time, which may include, among others, PRIDESTAFF FINANCIAL® and G.A. ROGERS & ASSOCIATES®.

An Office operates and offers services in an assigned area (the "**Territory**"). Over time and subject to our approval, you may operate the Office from more than one approved office locations (each, an "**Approved Location**") within the Territory without signing an additional Franchise Agreement or paying an additional franchise fee.

In this disclosure document, we offer you the opportunity to own and operate a franchised Office (a "**Franchised Office**"). We refer to Offices operated by us or our affiliates as "**Company-Owned Offices**."

Offices offer and market to businesses or other enterprises Direct Hire Staffing Services, Temporary Staffing Services and Temporary-to-Hire Staffing Services that we will provide. "**Direct Hire Staffing Services**" means the service of bringing a job candidate and a prospective employer together to achieve a permanent employment relationship. "**Temporary Staffing Services**" means assigning Temporary Associates to a Client, for compensation, to temporarily replace, assist or supplement the Client's own employees. "**Temporary-to-Hire Staffing Services**" means assigning Temporary Associates to a Client, for compensation, to provide Temporary Staffing Services with the understanding that after an agreed upon period, the Client may convert the Temporary Associate to the Client's payrolls. "**Staffing Services**" means Direct Hire Staffing Services, Temporary Staffing Services, and/or Temporary-to-Hire Staffing Services. A "**Client**" is a business or other enterprise to which we provide staffing services through your Office. A "**Temporary Associate**" is a person that we employ and you furnish to Clients to perform, on a temporary or outsourced basis, administrative services, office services, light industrial, or other jobs or other services that we have authorized you to offer to provide to Clients.

The PRIDESTAFF franchise model contemplates that the staffing personnel you place with Clients are employed by us, and not you, and that we bill and collect placement fees from Clients and remit your share of those fees monthly, after deducting certain charges and offsets (see Item 6). You will, on our behalf, recruit and hire, determine compensation, and make employment decisions, with respect to Temporary Associates hired through your Office, although we will retain ultimate authority on these matters, which we generally will not exercise if you follow our procedures and guidelines. We will pay all of the "**Temporary Associate Expenses**" (defined in Item 6) and prepare and file all necessary payroll tax reports regarding the Temporary Associates hired through your Office. We believe we provide our Franchisees a competitive advantage by paying your share of temporary placement fees monthly after customer billing, rather than monthly after customer collection.

We will make available to you on loan our confidential manuals, which include information about our System, standards, policies, guidelines, and procedures relating to the operation of Offices (collectively called the "**Manuals**"). Currently, much of this information is posted on our web-based facility, known as "**The Portal**," which we consider to be part of the Manuals.

If you and your market meet certain eligibility standards (some of which are described in Item 16 of this disclosure document), we may authorize you to operate a desk to provide Temporary Staffing Services and Direct Hire Staffing Services of accounting personnel under the brand name of PrideStaff Financial® ("**PSF**"). Adding the PSF brand to your franchise will require specialized training and employment of additional staff who will specialize in accounting staffing. Those who wish to participate in the PSF program must agree to meet these special requirements at their own expense.

In the past, we offered Franchisees the right to provide Direct Hire Staffing Services of professional, managerial, and executive level positions under the brand G.A. Rogers & Associates® ("**GAR**"). We do not permit new Franchisees to use the GAR brand, but they may offer Direct Hire Staffing Services under the PRIDESTAFF® mark. If you are an existing

Franchisee that have been using the GAR brand and are entering into a successor term or you are acquiring an Office from such an existing Franchisee, we will allow you to continue to use the GAR brand, as long as you continue to be eligible to participate in the program in accordance with any requirements specified in the Manuals, which we may modify from time to time. We may terminate your right to use the GAR brand and participate in the GAR program for any reason upon written notice to you.

After you have had some experience with us, if you meet our then-current eligibility standards for additional franchises and wish to open one or more Offices in a different territory, we may offer you the opportunity to enter into an additional Franchise Agreement with us. Not every Franchisee will qualify for an additional franchise. Our current eligibility standards require that the original PRIDESTAFF® Office meets our standards in all respects and that the additional Office, without drawing on resources needed by the original Office, will also have sufficient capital and properly trained staff to meet our standards.

Market and Applicable Regulations

The employment services industry, which is mainly temporary and temporary-to-hire staffing, is growing steadily at a rate somewhat faster than that of the U.S. industry generally. Our market primarily is made up of small to medium size companies. Your principal competitors will be local, regional and national companies that provide similar staffing services.

There are no regulations specific to the temporary personnel business. In some states, you must obtain a business license to perform direct hire placements. You will need to comply with any applicable industry and licensing laws if you are providing accounting and financial services under the PSF program. You should investigate the law in your state.

ITEM 2

BUSINESS EXPERIENCE

All personnel are based in Fresno, California, unless otherwise noted.

Michael Aprile, Co-Chief Executive Officer and Member of the Board of Directors

Michael "Mike" Aprile has served as our Co-Chief Executive Officer and a Member of our Board of Directors since March 2020. Previously, Mr. Aprile served as our Chief Financial Officer from June 1986 to July 2022.

Tammi Heaton, Co-Chief Executive Officer, Chief Operations Officer, and Member of the Board of Directors

Tammi Heaton has been with us since July 1997 and has served as our Co-Chief Executive Officer and a Member of our Board of Directors since March 2020 and our Chief Operations Officer since August 2022.

Christine Huebert, Chief Financial Officer

Christine Huebert has been with us since November 1999 and has served as our Chief Financial Officer since August 2022. She previously served as our Vice President/Controller from June 2021 to July 2022 and Controller from November 1999 to May 2021.

Robert Hale, Chief Information Officer

Robert "Rob" Hale has served as our Chief Information Officer since September 2015.

Christina Pugh, Chief Sales Officer

Christina Pugh has served as our Chief Sales Officer since October 2024. From September 2014 to October 2024, she was the Senior Vice President of Sales Enablement & Operations for Employbridge, LLC in Atlanta, Georgia.

Paula Pizarro, Senior Vice President of Franchise Development

Paula Pizarro has served as our Senior Vice President of Franchise Development since March 2022. She previously served as our Vice President of Franchise Development from December 2007 to March 2022.

Kimberly Vidrine, Vice President of Franchise Success

Kimberly "Kim" Vidrine has served as our Vice President of Franchise Success since December 2025. From September 2025 to December 2025, she was in between positions. From June 2021 to September 2025, she held multiple positions for Employbridge, LLC in San Antonio, Texas, including serving as its (a) Senior Director of Operations Performance and Talent Experience from April 2024 to September 2025, (b) Sales Excellence Manager from May 2023 to April 2024, (c) Director of Operations for ProLogistix for January 2022 to May 2023, and (d) Program Manager of Corporate Innovation Office from June 2021 to December 2021.

Barbara Rosenfeld, Controller

Barbara "Barb" Rosenfeld has been with PrideStaff since January 2014 and has served as our Controller since July 2022. She previously served as our Assistant Controller from January 2014 to July 2022.

Amy Uhrig, Director of Learning and Development

Amy Uhrig has served as our Director of Learning and Development since January 2025. From September 2024 to January 2025, she was in between positions. From July 2023 to September 2024, she was the Director of Change Experience for Employbridge, LLC in Santa Barbara, California. From November 2022 to July 2023, she was a Learning Experience Design Manager for Employbridge, LLC in Santa Barbara, California. From August 2019 to November 2022, she was a Learning Experience Design Manager for Employbridge, LLC in Santa Barbara, California.

James Forbes, Member of the Board of Directors

James Forbes has been a Member of our Board of Directors since May 2013. Since January 2012, Mr. Forbes has been self-employed as a financial consultant in Fresno, California. Mr. Forbes has also served as an arbitrator for the Financial Industry National Regulatory Authority since April 2009.

Melodie Rogers, Member of the Board of Directors

Melodie Rogers has served as a member of the Board of Directors since April 2021. Mrs. Rogers is the widow of George Rogers, Founder of PrideStaff, and has been a Co-Trustee of the George and Melodie Family Trust since March 2021 in Fresno, California.

Lance Zachary Johnson, Member of the Board of Directors

Lance "Zak" Johnson has served as a member of the Board of Directors since January 2026. Since July 2018, Mr. Johnson has served as the Senior Vice President of Middle Market Regional Executive for California Bank and Trust in Fresno, California.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

If you intend to open a new Franchised Office, our standard initial franchise fee is $40,000. We will discount the initial franchise fee to $20,000 for qualified military veterans (the veteran must be at least an owner of 51% of the ownership interests in the Franchisee and be active in the business).

If you are entering into a renewal term, you are not required to pay the initial franchise fee.

Transfer/Resale Fee

If you are purchasing an existing Franchised Office from another Franchisee, you must pay us the applicable resale/transfer fee under the terms of the existing Franchise Agreement, which is typically $10,000 (which we will discount to $5,000 if the transfer is to a qualified military veteran who is at least an owner of 51% of the ownership interests in your entity and is active in the business).

Costs of Computer System

Currently, you must purchase your computer system, which includes at least three laptops, each with a docking station with dual monitors, one or two desktop testing computers with a single monitor, and a multipurpose color network printer/copier/scanner (the "**Required Hardware**") through us before your Office opens for business. We have obtained a manufacturer's discount from our supplier, and we provide the Required Hardware at our cost plus shipping, so essentially you only reimburse us for our costs. Currently, the cost for the computer equipment and printer is $11,400 to $14,900, depending on the number of laptops you purchase. These costs are not refundable. We will set up and configure your Required Hardware and router and provide technical support to your Office at no additional cost.

If you are entering into a renewal term and the Required Hardware that you own is five or more years old, you must purchase new Required Hardware through us as a condition of renewal. If the Required Hardware is less than five years old at the time of renewal, you will not need to purchase the Required Hardware until the equipment reaches five years old (or by such deadline set forth in our then-current standards).

If you are purchasing an existing Franchised Office, we may require you to purchase new Required Hardware if the exiting hardware is not compliant with our then-current standards.

Initial Fees

The initial fees described in this Item 5 are not refundable and are uniform for all franchises currently being granted, except the transfer/resale fee is set forth in the existing Franchise Agreement for the seller of such Franchised Office.

ITEM 6
OTHER FEES

Notes and Definitions

As noted in Item 1, we bill and collect placement fees from customers and remit your share monthly after deducting certain charges and offsets (described in the table below). We impose and collect all the fees listed in this Item 6, paying third-party fees on your behalf and deducting reimbursement from the Franchisee Share. All fees are uniformly imposed and are non-refundable. All fees for services obtained from third parties may increase or decrease depending on the contracts we negotiate, what we determine is in the best interest of the PrideStaff system, and our buying power as the PrideStaff system grows.

Franchisor Share **–** The Franchisor Share 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. Although the Franchisor Share is not a fee that you pay, we describe in the line items below the Franchisor Share we retain and when the remainder is paid to you. We refer to the Franchisor Share when it is presented as a percentage of Gross Billings as the "**Equivalent Royalty Fee**," because it is, in effect, a royalty fee that we retain.

***Franchisee Share* –** Gross Margin minus the Franchisor Share. The Franchisee Share is (a) typically 65% of Gross Margin for Temporary Staffing Services and (b) 79% of Direct Hire Placement Fees (as defined in the table) and Conversion Fees for Direct Hire Staffing Services and Temporary-to-Hire Staffing Services.

***Gross Margin (Gross Profit)* –** your Net Billings, minus Temporary Associate Expenses.

***Net Billings* –** Gross Billings minus adjustments for billing errors or quality issues.

***Gross Billings* –** (a) for Temporary Staffing Services, all amounts, except bona fide refunds and adjustments, accrued directly or indirectly, from or in connection with any services, consultation, assistance or sales, provided by, for or on behalf of your Office or in connection with our Marks, regardless of who provides the services, consultation, assistance or sales, where they are provided or to whom they are provided, and (b) for Direct Hire Staffing Services, all amounts, except bona fide refunds and adjustments, actually received, directly or indirectly, from or in connection with any services, consultation, assistance or sales provided by, for or on behalf of your Office or in connection with our Marks, regardless of who provides the services, consultation, assistance or sales, where they are provided or to whom they are provided.

***Temporary Associate Expenses* –** all wages, employer payroll taxes, bonuses and fringe benefits paid to Temporary Associates, including some or all of the following: holiday pay, sick leave, travel allowances, and other direct employee benefits, workers' compensation insurance premiums and costs, unemployment claims management, Affordable Care Act, other payments that we must make to federal, state and local government agencies as the employer of the Temporary Associates, any additional expenses (including, but not limited to, costs relating to drug testing, credit checks and background investigations, and/or other required health screening or testing) incurred under contracts with Clients, sales tax on services, if any, expenses related to training required by us or applicable law, and all insurance payments expressly relating to the Temporary Associates, including but not limited to, liability insurance, fidelity bonding, errors and omissions coverage, and insurance policy deductibles. We pay the Temporary Associate Expenses from the Gross Billings that we collect from customers.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Franchisor Share (Temporary Staffing Service placements)	The greater of (i) 35% of Gross Margin or (ii) 6% of Net Billings.	We pay your Franchisee Share of Gross Billings on or before the 15th each month on an accrual basis	In 2025, the average Franchisor Share that we retained from Franchised Offices that had been open for two years was the equivalent of 7.82% of Gross Billings for such Offices (see Item 19 for details). We deduct the Franchisor Share from the Gross Margin to calculate the Franchisee Share. We will pay you the Franchisee Share (which is typically 65% of Gross Margin), plus (x) any amounts that were previously deducted from Franchisee Share as uncollectible that are subsequently collected

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			and minus (y) any Authorized Deductions (as defined below in this table).
Franchisor Share (Direct Hire Staffing Service and Temporary-to-Hire Staffing Service placements)	21% of Direct Hire Placement Fees and Conversion Fees.	We pay your Franchisee Share on or before the 15th each month on a cash-receipt basis	In 2025, the average Franchisor Share that we retained from Franchised Offices that had been open for two years was the equivalent of 7.82% of Gross Billings for such Offices (see Item 19 for details). We deduct the Franchisor Share from the Gross Margin to calculate the Franchisee Share. We will pay you the Franchisee Share (which is 79% of the fee charged to Clients for providing Direct Hire Staffing Services ("**Direct Hire Placement Fees**") and of the fee charged to Clients for providing Temporary-to-Hire Staffing Services ("**Conversion Fees**")), plus (x) any amounts received that were previously deducted from the Franchisee Share as uncollectible and minus (y) any Authorized Deductions.
AUTHORIZED DEDUCTIONS FROM FRANCHISEE SHARE **"Authorized Deductions"** are the deductions that we are authorized by the Franchise Agreement to deduct from Franchisee Share before forwarding it to you. We may, at our option, bill you for any of the Authorized Deductions rather than deducting them from Franchisee Share. Some of these amounts are reimbursement for payments we make on your behalf to third-party vendors.			
Uncollectible Accounts	65% of uncollectible receivables if our credit policies were followed. 100% of uncollectible receivables if our credit policies were not followed.	If and when we determine the account to be uncollectible	Because we pay the Franchisee Share from Temporary Staffing Services based on Net Billings and not on collections, we must later recoup amounts we have advanced you for uncollectible accounts. This amount is payable if we, in our sole discretion, deem any receivables related to the services that you have provided to be uncollectible (if, for example and without limitation, the a receivable has not been collected within 45 or more days of the invoice date, the Client is not responsive or has indicated that it will not pay the owed amounts, the Client is insolvent, has made an assignment for benefit of creditors, or has filed for bankruptcy relief, or any amounts previously collected from a Client are returned or returned to the Client or a related party or trustee).

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Collection Expenses	65% of Collection Expenses if our credit policies were followed. 100% of Collection Expenses if our credit policies were not followed.	If and when incurred	Payable if we incur any Collection Expenses in attempting to collect or retain any receivables related to the services that you have provided. "**Collection Expenses**" include any legal fees and collection agency expenses that we incur.
Advertising Fund	Not to exceed 0.35% of Gross Billings.	Each Accounting Period	We do not currently have an advertising fund. Deducted only if and when we set up an advertising fund.
Marketing and Operational Forms and Materials and Promotional Items	Our cost for the materials plus shipping.	If and when incurred	Purchase of marketing materials is optional. There is no charge for the initial packet and start-up supply we provide to you prior to opening, but we will charge you for your subsequent purchases.
Audit	Our expenses of the audit, including reasonable travel expenses and compensation paid to the auditor.	Within 10 days after invoice, or, at our option, with Authorized Deductions.	If the audit discloses an understatement of Net Billings of 3% or more, you must pay the cost of the audit.
Cost of Misclassification of Workers' Compensation	100% of undercharged premium and, if applicable, any penalties and interest we incur because of the misclassification of temporary associates.	When we determine that we undercharged for workers' compensation premium because of your misclassification of temporary associates' work.	You must compensate us for these expenses whether the misclassification was intentional or unintentional. Intentional misclassification is also grounds for termination of the Franchise Agreement.
Claims and Liabilities related to Temporary Associates	Reimbursement of 65% of our payment for claims (and legal expenses) related to Temporary Associates	When and if determined to be owed	Sharing of costs applies when (1) a claim is filed or asserted-against you or us, whether formally or informally, due to the acts or omissions of Temporary Associates, or if a Temporary Associate associated with your Office files an employment claim or complaint against you or us; (2) the claim is not covered by insurance policies we maintain; and (3) we determine you have fully complied with our written policies and procedures, as outlined in the Manuals. If the situation arose or continues because you did not or will not follow policies and procedures, you must pay the costs in full.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Indemnification	Will vary under circumstances	As incurred	Except as otherwise noted, you must reimburse us for all costs we incur in defending against any claims and liabilities arising out of your breach of the Franchise Agreement or the operation of the Office. These costs may include the accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses.
Enforcement Expenses	All expenses we reasonably incur, including attorneys' fees, arbitrators' fees, expert witness fees, costs of investigation, court costs, other arbitration or litigation expenses, and related travel and living expenses	As incurred	You must reimburse us for all expenses we reasonably incur: (i) to enforce the terms of the Franchise Agreement or any obligation owed to us by you and/or your owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim you and/or your owners assert against us on which we substantially prevail in court or other formal legal proceedings.
Insurance Payments	Our costs and expenses, plus a reasonable administrative fee	As incurred	Payable if you fail to obtain or maintain the insurance we specify and we, in our sole discretion, obtain such insurance on your behalf. The fee will not exceed $3,000, plus our actual costs and expenses.
Training Fees	Currently, not charged. We may collect our then-current fees, which may vary based on the additional programs that we may offer.	As incurred	Payable if we charge registration fees for any training programs that we provide. We currently do not charge such fees. If we charge these fees, the fees will not exceed $1,000 per attendee per program.
Event Registration Fees	Currently, not charged. We may collect our then-current fees, which will vary by event.	As incurred	Payable if we charge registration fees for any Franchisee conferences, meetings, or teleconferences or meetings that we provide. We currently do not charge such fees. If we charge these fees, the fees will not exceed $2,000 per attendee per program. If any of your representatives who are required to attend fail to do so and we have not excused such absence, you must pay the registration fee they would have incurred plus $500.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Liquidated Damages	The average monthly amount of Franchisor Share during the previous 12-month period times the number of months remaining in the then-current Franchise Agreement term	As incurred	Payable if the Franchise Agreement is terminated prematurely for any reason. If less than 12 months have passed since opening, the amount will be the average monthly Franchisor Share during the time between opening and termination times the number of months remaining in the then-current Franchise Agreement term.
AUTHORIZED DEDUCTIONS FOR THIRD-PARTY DISCOUNTED PURCHASING PROGRAMS We negotiate rates with third-party vendors periodically and try to obtain rates that we determine to be in the best interest of the PrideStaff brand. The rates may decrease, increase, or remain the same. Usually, but not always, a rate increase will also involve an increase in services or product features supplied by the third-party vendor. For all fees listed below, we pass through the costs charged by vendors without markup and deduct them from Franchisee Share.			
Staffing CRM Software	$136.09 per user	Monthly	There will be a minimum of three users at each Office.
Skills Testing Software and Tutorial	$700 per year	The first payment, which is prorated for the year, is due with your first accounting period statement	The first prorated payment (50%) is due in January and the second prorated payment (50%) is due in February.
Electronic Signature Technology and Digital Transaction Management	$41 per month	Monthly	Electronic signatures and documents management.
E-Mail Marketing Campaign	$200 per month for all Offices, plus an additional $200 per month for Offices in the GAR program	Monthly commencing 3 months after opening of the Office	Automated email distribution of newsletters to Clients and prospective Clients and to Temporary Associates.
Brand Management	$377.16 per month for all Offices, plus an additional $137.55 per month for Offices in the PSF program and/or an additional $44.22 per month for Offices in the GAR program	Monthly	Covers social media management, career site, online management, and communication platform.
Customer Loyalty Surveys	$135 per month for all Offices, plus an additional $90 per month for Offices in the PSF program and/or an additional $91.43 per month for Offices in the GAR program	Monthly	Performs a satisfaction survey of Clients and Temporary Associates (Net Promoter Score).

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
TextKernel	$120 per month	Monthly	Semantic search tool that provides enhanced recruitment-related searching, resume/job match, and sales lead opportunities.
PS Connect	$533 per month	Monthly	Candidate and Client Engagement, Communication, and Automation platform
PrideStaff Edge	$66.78 per month	Monthly	PrideStaff's mobile app
Interest On Late Payments	At the highest rate allowed by applicable law	When and if determined to be owning	Refers to interest on any payment that we do not receive from you when due. **Note: you have no obligation to pay interest on late payments from Clients.**
FEES RELATING TO TRANSFERS (RESALES)			
Resale/Transfer Fee	$10,000	Upon completion of the sale of the business.	In the event you sell your business, your buyer must pay this fee.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A NEW FRANCHISED OFFICE

TYPE OF EXPENDITURE[1]	AMOUNT OF EXPENDITURE		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Franchise Fee[2]	$20,000	$40,000	Single payment	Upon signing of Franchise Agreement	Us
Lease Deposit[3]	$2,500	$7,000	Single payment	Upon signing of lease	Landlord
Leasehold Improvements[4]	$5,000	$20,000	As arranged	Before opening	Contractor/ Landlord
Utility Deposits[5]	$0	$500	Several payments	Before opening	Utilities
Furnishings[6]	$10,000	$25,000	Varies	Before opening	Vendor
Office Equipment[7]	$800	$1,200	Single payment or installments	Per vendor or finance company terms	Vendor or lender
Computer System[8]	$11,400	$14,900	Single payment or installments	Before opening	Us
Signage[9]	$4,000	$8,000	Single payment or installments	Before opening	Vendor or lender

TYPE OF EXPENDITURE[1]	AMOUNT OF EXPENDITURE		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Training-related Expenses[10]	$2,500	$10,000	Multiple payments	As incurred	Hotel, airline, restaurants
Business License, Memberships, Subscriptions	$1,500	$3,000	Single payment	As incurred	Organizations
Business Insurance Premiums	$4,000	$4,500	Single payment	As incurred	Insurers, agencies
Initial Office Supplies	$250	$500	As incurred	As incurred	Vendors
Additional Funds (3 months)[11]	$90,000	$110,000	As incurred	As incurred	Employees, Landlord, Vendors, Others
TOTAL	**$151,950**	**$244,600**			

YOUR ESTIMATED INITIAL INVESTMENT FOR A RESALE/TRANSFER OF AN EXISTING FRANCHISED OFFICE

TYPE OF EXPENDITURE[1]	AMOUNT OF EXPENDITURE		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Transfer/Resale Fee[2]	$5,000	$10,000	Single payment	Upon signing of Franchise Agreement	Us
Lease Deposit[3]	$2,500	$7,000	Single payment	Upon signing of lease	Landlord
Leasehold Improvements[4]	$0	$2,000	As arranged	Before opening	Contractor/ Landlord
Utility Deposits[5]	$0	$500	Several payments	Before opening	Utilities
Furnishings[6]	$0	$1,000	Varies	Before opening	Vendor
Office Equipment[7]	$0	$1,000	Single payment or installments	Per vendor or finance company terms	Vendor or lender
Computer System[8]	$0	$14,900	Single payment or installments	Before opening	Us
Signage[9]	$0	$0	Single payment or installments	Before opening	Vendor or lender

TYPE OF EXPENDITURE[1]	AMOUNT OF EXPENDITURE		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Training-related Expenses[10]	$2,500	$10,000	Multiple payments	As incurred	Hotel, airline, restaurants
Business License, Memberships, Subscriptions	$1,500	$3,000	Single payment	As incurred	Organizations
Business Insurance Premiums	$4,000	$4,500	Single payment	As incurred	Insurers, agencies
Initial Office Supplies	$100	$200	As incurred	As incurred	Vendors
Additional Funds (3 months)[11]	$90,000	$110,000	As incurred	As incurred	Employees, Landlord, Vendors, Others
TOTAL	**$105,600**	**$164,100**			

1. GENERAL – Except for the "Additional Funds" category, described below, this table states start-up costs through the opening of the Office. All fees paid to us are nonrefundable and uniform as to all franchises currently being granted. Whether payments to others are refundable depends on the arrangements you make with them. We do not provide financing for any of these expenses. If you are renewing an existing Franchise Agreement, you will not incur all of these initial investment expenses, since the Office is already in operation.

   If you are purchasing an existing Franchised Office, your costs will vary based on the condition of the assets that you purchase. You will be required to ensure that the Office and related furniture, fixtures, and equipment meet our then-current standards.

2. INITIAL FRANCHISE FEE – If you sign a Franchise Agreement for a new Franchised Office, the franchise fee is $40,000. If you are a veteran meeting our requirements, the initial franchise fee will be $20,000. If you are purchasing an existing Franchised Office, instead of the initial franchise fee, you will pay the applicable transfer/resale fee specified in the existing Franchise Agreement for such Office, which is typically $10,000 (which we will discount to $5,000 if you are a veteran meeting our requirements).

3. LEASE DEPOSIT – This estimate assumes you will pay first and either last month's rent or a security deposit when you sign your lease. This amount may differ depending on whether you select office or retail space and prevailing rents in your geographic area.

4. LEASEHOLD IMPROVEMENTS – Whether you must pay for construction of leasehold improvements and how much they will cost you depend on whether you select office or retail space, whether you use drywall or buy or lease modular partitions, if additional drops for wiring are needed for internet connectivity and what allowance you are able to negotiate with your landlord. If you are purchasing an existing Franchised Office, the low estimate

assumes that you do not need to make any leasehold improvements, while the high estimate assumes that you may need to make some improvements to comply with our then-current standards.

5. UTILITY DEPOSITS – Whether you must pay utility deposits and how much they will depend on whether you rent office or retail space and your credit rating.

6. FURNISHINGS – This category includes four to six desks/workstations and swivel chairs, 10 to 12 chairs, two to three small tables, supply shelves, and a printer table. These numbers will vary depending on whether you buy or lease new or used/refurbished furnishings and the number of internal staff you hire. The low figure assumes that you buy good quality used furnishings. If you choose to lease or finance your furnishings, your initial outlay will be substantially less than if you buy, but over the long term it will be more. If you are purchasing an existing Franchised Office, the low estimate assumes that the existing furniture is adequate, while the high estimate assumes that you may need to replace some items.

7. OFFICE EQUIPMENT – This category includes six telephones with four to six lines with rollover capability and remote call forwarding, eFax, four cordless headsets, and a voice mail system. If you are purchasing an existing Franchised Office, the low estimate assumes that you do not need to purchase any office equipment, while the high estimate assumes that you may need to make some purchases to comply with our then-current standards.

8. COMPUTER SYSTEMS – This category includes your Required Hardware, which includes three to four laptop computers for your staff, one or two desktop computers for onboarding and testing, and a multipurpose color network printer/copier/scanner. You must purchase this equipment from us. Each computer comes with a three-year warranty, a Windows Pro license, and a Microsoft Office license. If you are purchasing an existing Franchised Office, the low estimate assumes that you do not need to purchase any Required Hardware, while the high estimate assumes that you may need to purchase new Required Hardware to comply with our then-current standards.

9. SIGNAGE – The cost of exterior signage will vary depending on your location. All signs must meet our written specifications, subject to your landlord's approval and local requirements. If you are purchasing an existing Franchised Office, you are not expected to incur such costs.

10. TRAINING-RELATED EXPENSES –Your Majority Owner, Branch Manager (if any), business development manager, staffing consultant, and any other individuals we designate ("**Required Trainees"**) must attend our then-current initial training, which we refer to as the "**PrideStaff Training Program.**" As part of the program, your Required Trainees will be required to attend five days of the PrideStaff Training Program at a certified training office that we designate, which may not be near your Office. The low estimate assumes the Required Trainees will travel a short distance with minimal expenses and the high estimate assumes a farther distance. The estimate assumes each trainee will incur $250 to $300 per day of hotel and living expenses and a $300 to $1,000 flight expense for each week of training. The actual cost will depend on the point of origin, method of travel, class of accommodations, and dining choices that you choose.

11. ADDITIONAL FUNDS (3 MONTHS) – This figure estimates the additional funds that you will likely need for operating expenses during your Office's first three months of operation, including expenses such as rent, wages and benefits for two employees, utilities, supplies, recruiting expenses, vendor expenses, travel and entertainment, professional fees, staffing CRM software license fees, marketing and miscellaneous costs. This figure does not include any distributions or salaries paid to owners.

We based these figures on our own experience in operating Company-Owned Offices and the experience of our Franchisees. This is only an estimate and your personal situation will dictate if you use more or less additional capital than is stated here. Your costs will depend on how much you follow our methods and procedures, your Office's sales activities, your management skill, experience, and business acumen, the staff you choose to employ and the wages and benefits you offer, as well as the cost of living in your area. If you are purchasing an Existing Office, our current practice is to require that the buyer have a minimum of $100,000 in cash or cash equivalents for working capital in addition to the price paid for the business and the resale/transfer fee.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have the right to require that all PRIDESTAFF® Offices purchase certain items or services from a designated supplier. You must use and sell all services, and only the services, that we have authorized you to use or provide. We have the right to change the authorized services in any manner that is consistent with the Franchise Agreement.

The Office must be maintained in a safe, orderly, and clean state, presenting a businesslike appearance and you must keep it properly staffed, furnished and identified.

You must purchase the Required Hardware from us. We have a manufacturer's discount, and we set up and configure your Required Hardware and router and provide technical support to your Office. We provide the Required Hardware to you at our cost, plus shipping.

When the initial warranty for your Required Hardware expires and/or you reach the end of your serviceable lifespan, you must renew it for another term with our designated supplier to enable us to continue first-line technical support to you and ensure the uninterrupted operation of your Office. You may not purchase your warranty from any other supplier.

You must obtain licenses for certain software directly from us. We currently purchase licenses for these items from third-party vendors and provide them to you at our cost. You may, at your option, buy additional licenses and services from us.

From time to time, we may require you to purchase other items from designated or approved vendors and suppliers in connection with the operation of the Office, including marketing and promotional materials.

Our existing standards and specifications have evolved through our years of experience. We will communicate our standards and specifications to you in writing, usually in the Manuals.

Currently, you must buy equipment, fixtures, furnishings, signs, stationery, and forms according to our specifications. Your lease and all your insurance coverage must meet our specifications, as well.

Overall, approximately 70% of your start-up expenses and 25% of your ongoing expenses will be for purchases from approved or designated suppliers or according to our specifications.

At this time, we do not make a profit from the sale of equipment or services to Franchisees, but we reserve the right to do so. In 2025, we received $2,247,421 (0.89% of our total revenues) from payments for computer equipment and software license fees that we provide to Franchisees. We do not include any of this amount in the $252,315,080 in revenue shown on our audit report, but rather report it as a reduction to our operating expenses.

We negotiate purchase arrangements with suppliers, including advantageous price terms, for the benefit of all members of the PRIDESTAFF® network. We currently have such arrangements with suggested suppliers of office equipment and furnishings.

None of our officers have an ownership interest in any supplier of goods or services to our Franchisees.

We will not provide material benefits, such as renewal or granting additional franchises, to you based on your voluntary use of designated or approved sources.

Business Insurance

You must purchase and maintain insurance coverage in accordance with our requirements as specified in the Manuals from time to time, which currently include:

(a) workers' compensation insurance (with respect to your employees),

(b) commercial general liability insurance,

(c) automobile liability insurance for owned, hired and non-owned automobiles, with minimum coverages of $500,000 per claim, and combined single limit for bodily injury, death, or property damage of not less than $1 million,

(d) blanket fidelity bond (commercial crime) in the minimum amount of $25,000,

(e) personal property "SPECIAL FORM" comprehensive protection,

(f) errors and omissions (professional liability) with a minimum coverage of $500,000, and

(g) employment practices liability insurance.

All insurance policies must contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time and name us and our affiliates as additional insureds. We may adjust the minimum coverage requirements, exclusions, and deductibles from time to time, if we deem necessary to reflect inflation or other changes in circumstances. We may also add additional types of insurance or coverage if we, in our reasonable discretion, determine that it is advisable.

If you fail to obtain or maintain (or to prove that you have obtained or maintained) the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Office on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance and pay us a reasonable fee for such service.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	7.2.1	11
b.	Pre-opening purchases/leases	7.2.1	5, 8, 11
c.	Site development and other pre-opening requirements	7.2.1, 7.2.3	11
d.	Initial and ongoing training	4.7(f), 7.2.2, 7.2.7, 7.2.8, 7.8	11
e.	Opening	7.2.4	11
f.	Fees	Article 6	5, 6, 7
g.	Compliance with standards and policies/operating manual	7.2.5, 7.2.6, 7.11	11
h.	Trademarks and proprietary information	7.1, 8.1	13, 14
i.	Restrictions on products/services offered	7.2.6	16
j.	Warranty and customer service requirements	7.2.9, 7.2.11	8
k.	Territorial development and sales quotas	4.6	12, 16
l.	Ongoing product/service purchases	7.2.6	8
m.	Maintenance, appearance and remodeling requirements	7.2.10, 4.5.2(c)	8, 11
n.	Insurance	7.10	8

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
o.	Advertising	7.1.3, 7.5	11
p.	Indemnification	8.5	6
q.	Owner's participation/ management/staffing	7.4.1	15
r.	Records and reports	7.9	17
s.	Inspections and audits	6.3, 7.2.12	6
t.	Transfer	Article 9, Attachment 7	17
u.	Renewal	4.5.2	17
v.	Post-termination obligations	10.3, Attachment 7	17
w.	Non-competition covenants	8.6, Attachment 7	17
x.	Dispute resolution	11.7 – 11.10	17
y.	Restrictions on words in your legal name	8.2	13
z.	Related Party and employee agreements	8.4, 8.6, Attachments 5, 7 and 8	22

ITEM 10

FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease, or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

Site Selection

We grant each franchise for a specified Territory that is always agreed upon by you and us before the Franchise Agreement is signed.

We will give you written guidelines for locating a site and securing a lease that meet our current criteria and standard and will give you general demographic information about a location that you are considering. However, you are solely responsible for site selection and lease negotiations. You must (a) submit to us any information we request about a site, including photographs of the proposed site and a proposed site plan, and (b) obtain our written approval of a site and the proposed lease for the site before you execute a lease for such site. Some of the factors that we currently consider in approving a site are demographic characteristics, traffic patterns, parking, the character of the neighborhood, proximity of competition, and the size, appearance and other physical characteristics of the premises. Your site must have at least 1,000 square feet and be at a central location in your Territory that is not in a zip code that is on the border of the Territory. (Franchise Agreement §5.1).

Construction and Furnishings

We will give you prototype or sample plans and specifications, or plans and specifications for one or more existing offices to provide guidance in constructing tenant improvements, furnishing, and equipping your Office. You must submit all construction plans and designs to us for our prior written approval, which will not be unreasonably withheld. (Franchise Agreement §§5.2 and 7.2.3).

Initial Training Program

Before the opening of your Office, we will conduct an initial training program in the operation of the Office under the System for you and your trainees. (Franchise Agreement §5.3). For additional details, please refer to the Training portion of this section.

Opening Assistance

You may not open the Office to the public until we authorize you in writing to begin operation. During the week that you open, we will send one or more representatives to guide and assist you with respect to the management, operation and sales efforts of your Office. (Franchise Agreement §5.4).

Manuals

We will make available to you information about standards and procedures for training and other matters relating to the operation of your Office, including opening process, inside sales, outside sales, recruiting and operations, as well as PrideStaff policies and guidelines. Some standards and procedures are mandatory and others are suggestions. This information may be communicated in hard copy manuals or electronically and may be supplemented or amended periodically. (Franchise Agreement §5.5). Currently, most of this information is posted on our web-based facility, The Portal. Attached as Exhibit E is a copy of the Table of Contents of the Manuals, which currently consists of 540 pages.

Marketing, Sales and Recruiting Materials

We will provide you with an initial supply of marketing, sales and recruiting materials, including a sales tool kit, a framed mission statement, OSHA and other federal and state required posters, a padfolio, business cards, letterhead envelopes, forms, and other printed materials. (Franchise Agreement §5.6).

Names of Suppliers

We will give you, in the Manual or otherwise in writing, names of suggested and designated suppliers of specified goods and services that you will use in your Office. (Franchise Agreement, § 5.7).

Time Before Opening

The typical length of time between signing of a Franchise Agreement and opening of an Office will be approximately 90 to 120 days. Factors that may affect the length of time it takes to open include how long it takes to locate an Approved Location and negotiate a lease, secure financing, obtain building permits and complete construction of tenant improvements and hiring of staff. We recommend planning for five weeks of training-related activity (one week of pre-training conducted via online coursework, 2.5 weeks of virtual, instructor-led training, and one week of pre-opening shadowing in an Office that we designate).

You must open the Office within 120 days of signing the Franchise Agreement, unless we agree in writing, in our sole discretion, to grant you an extension. If you do not meet the opening deadline (any extension of such deadline, if any) after 30 days' notice and opportunity to cure the default, we will have the right to terminate the Franchise Agreement.

Post-Opening Obligations

Field Support

Throughout the term of the Franchise Agreement, we will consult with you, in our reasonable discretion, in person or by telephone, videoconference, or email on all aspects of your business. We will visit your Office multiple times in the first year (including the opening assistance described above) and conduct future visits as needed, at our expense. (Franchise Agreement §5.8).

Conferences, Meetings, and Events

We may from time to time conduct franchise conventions, meetings, and teleconferences ("**Events**"). Currently, we conduct an annual conference and periodic regional meetings. We may require your Required Trainees and other individuals that we designate to attend such Events. We, in our sole discretion, will designate the time and place of any meetings, which may be held in-person or remotely via teleconference or web seminar. We will be responsible for arranging Events and providing meeting materials. You are responsible for arranging and paying for travel and living expenses that you and/or your representatives incur. We may require you to pay us a reasonable registration fee for you and each of your representatives. If you or any of your representatives fail to attend any Events that we require you and/or they to attend, regardless of the reason for the absence, you must pay us the registration fee that each absent required attendee would have incurred plus $500 for each absent required attendee, unless we have previously excused them in writing in our sole discretion. (Franchise Agreement §5.9).

Employment and Payroll of Temporary Associates

PrideStaff is the employer of record of all the Temporary Associates you furnish to Clients. We provide the funding for all of the Temporary Associate Expenses and prepare and file all necessary payroll tax reports regarding the Temporary Associates. You must promptly provide us with any information we request, in the manner and form we specify, to enable us to perform these tasks (Franchise Agreement §5.10).

Client Relations, Billings and Collections

Your marketing and solicitation of Clients is on our behalf and all Client relations are ours. All contracts and other arrangements with Clients for all Staffing Services provided by your Office are entered into by us or by you on our behalf. We may determine, in our sole discretion, the payment and other agreement terms offered to Clients and the amount of credit extended to Clients, and we will bear no liability to you whatsoever, for any consequences of such decisions. All accounts receivable and other rights to compensation or other payments (including Conversion Fees) from Clients belong to us.

We will use reasonable best efforts to collect payments from Clients, but bear no liability to you, whatsoever, for any failure to collect payments. We have the right, to decide what collection efforts are reasonable in each situation and to collect from you any Collection Expenses we incur. We are not obligated to take legal action against any Client unless we believe it is merited and cost-effective. We do not guarantee that any receivable amount will be collected. If we collect any amounts from Clients, we have the right, in our sole discretion, to refund or return any such amounts to the Client or a related party or trustee and to be reimbursed by you for your share of such returned amount, which shall be deemed to be uncollectible. (Franchise Agreement §5.11).

Payment of Franchisee Share

We will pay to you the Franchisee Share, your 65% of Gross Margin, plus any amounts received that were previously deducted from Franchisee Share as uncollectible and minus any Authorized Deductions, on or before the 15th day of each month. (Franchise Agreement §5.12).

National Accounts Program

We have the right to enter into a national account agreement with any Client that conducts business in more than one company-owned, Franchisee-owned, or unassigned territory, in which case we will designate them as a "**National Account Client**." We have the right to manage and control the relationship with any National Account Client and to directly solicit and perform (or authorize others to perform) Staffing Services for National Account Clients at locations within your Territory. We may, in our sole discretion, provide you the opportunity to, or require you to, provide Staffing Services for National Account Clients to be performed at locations within your Territory. We may revoke such authorization at any time. If you provide services to National Account Clients, you must do so in accordance with the procedures, terms and conditions specified in the Manuals and in accordance with any agreements we have entered into with such National Account Clients. (Franchise Agreement §4.3.2, 5.13, and 7.6).

Advertising

We do not currently have an advertising fund, therefore, you are not required to contribute to one. We have the right to establish one and to require you to contribute up to 0.35% of your Net Billings to it. Franchisees on older forms of the Franchise Agreement may contribute at different rates. All Franchisees and our Company-Owned Offices will contribute at the same rate if we set up a fund. If we set up an advertising fund, we will administer it and account for it separately on our general ledger. We may use the fund to pay for market research, test programs, advertising materials, media space and time for a national or regional advertising program, a referral program, national accounts program, and public relations activities. The fund may also be used for advertising grants to Franchisees, collectively or individually. We may use up to 15% of fund money to compensate ourselves for overhead and other expenses incurred in connection with our administration of the fund. In addition, we may use the fund to compensate our marketing personnel in proportion to the time they allocate exclusively and expressly to the purposes of the advertising fund (Franchise Agreement §5.14). We will distribute to our Franchisees, upon request, an unaudited annual advertising fund report that will state the total amounts of money collected and spent by the fund during the past year and list, by general category, the manner in which we spent the money (Franchise Agreement §5.14). We undertake no obligation in administering any fund to make expenditures for you which are equivalent or proportionate to your contribution. We reserve the unqualified right to decide, in our sole discretion, where, when and how advertising fund money will be spent. We maintain the right to terminate any fund at any time. The fund will not be terminated, however, until all monies have been expended for marketing/advertising and promotional purposes. If not all advertising funds are spent in the fiscal year in which they are collected, we will retain the money in the fund for spending in the following year.

All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising and comply with any applicable laws and regulations. You must submit to us copies of all promotional and advertising materials that you propose to use at least 2 weeks before the proof approval deadline. We will review the materials within a reasonable time and will promptly notify you whether we approve or reject them. Even if we approve specified materials, we may later withdraw our approval if we believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising. You may not use any unapproved materials.

We have the right to require you to place advertisements in web-based or other media that may be developed in addition to or in place of advertisements in paper telephone directories. All classified directory advertising is subject to our approval, as described above.

Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that uses the Marks or that relate to the Office or the PrideStaff network, including by operating your own website. "**Digital Marketing**" means websites, social media accounts (such as Facebook, X, Instagram, LinkedIn, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit you or your employees to conduct any Digital Marketing, we will have the right to retain full control over and ownership of all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

We do not have the right to require you to participate in an advertising cooperative. There is no Franchisee advertising advisory council to advise us on advertising.

Computer System

You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals (collectively, the **"Computer System"**). We have the right to require that the components of the Computer System that you purchase, license, lease, or use: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates). If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

You must have at least three laptops, each with a docking station with dual monitors and two desktop testing computers with a single monitor. You must have a multipurpose color network printer/copier/scanner. Your computer system must be capable of running the specialized cloud-based software we sublicense to you. You will use the computer system to maintain a database of employee and Client information, evaluate employee skills, and run general office software. Currently, the price for the Required Hardware ranges from $11,400 to $14,900 for each Office, depending on whether you purchase three or four laptops. This amount includes an enhanced three-year on-site hardware and software warranty, depending on the computer system, that we have negotiated for our Franchisees and licenses to use certain software.

You also must license and use our designated (a) staffing and Client relationship management software, which currently costs $136.09 per user per month (with a minimum of three users), (b) skills testing software, which currently costs $700 per year, (c) candidate and Client engagement, communication, and automation platform (called PS Connect), which currently costs $533 per month, and (d) mobile app (called PrideStaff Edge), which costs $66.78 per month. These licenses are all provided directly or indirectly by third-party vendors, but we collect the fees from you, which we pay to such vendors. These fees are subject to change from time to time. Currently, we estimate that these licenses will cost $12,797 per year for three users. You must sign the Franchise Software User Agreement that is attached as Attachment 4 to the Franchise Agreement for our designated skills testing software.

Your Required Hardware will be delivered to our headquarters, enabling our IT Department to install your software for you before you receive your computers. This, in turn, will help us provide better technical support to you.

We will provide first-line technical support to you for certain components of the Computer System at no charge, but you must maintain, at your expense, any warranties or service agreements related to the Computer System that we specify in the Manuals from vendors that we designate or approve. We estimate that these additional warranties will cost $100 per year (after the initial three-year warranty expires).

You must replace, upgrade, or update at your expense the Computer System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Computer System requirements.

You must use the Computer System to (a) maintain a database of your Clients' and staffing personnel's contact information, (b) evaluate employee skills, (c) generate reports and analysis relating to the Office, and (d) provide other services relating to the operation of the Office.

PrideStaff University Training

Pre-Opening Training

Training Requirements

Before your Office opens, the Required Trainees are required to attend and successfully complete our PrideStaff Training Program to our satisfaction. We shall conduct training classes as frequently as deemed necessary to provide trainees with adequate opportunity to fulfill this pre-opening training requirement.

We will provide the initial PrideStaff Training Program at no additional charge. However, we reserve the right to impose a reasonable fee for subsequent trainees attending the PrideStaff Training Program, which will not exceed $1,000 per trainee per program. When training programs are conducted in person, you will bear all travel and living expenses (including, but not limited to, meals, transportation, and accommodations), wages, and other expenses incurred by you and your staff in connection with such training programs.

The Required Trainees must complete the PrideStaff Training Program to our satisfaction. If the Required Trainees fail to complete the PrideStaff Training Program to our satisfaction, we may terminate the Franchise Agreement. However, we, at our sole discretion, reserve the right to offer remedial courses of action, such as additional training or the employment of supplemental personnel, if we determine that such alternatives would make it unnecessary for us to terminate your franchise. If you do not accept the alternative course of action within the time we allow, we may terminate this Agreement, effective immediately.

The Required Trainees must complete all portions of the program. We require the Majority Owner to provide portions of the PrideStaff Training Program to your staff members to ensure that they are qualified to provide services in accordance with our brand standards.

If we determine, in our sole discretion, that one of your Required Trainees is unable to successfully complete the PrideStaff Training Program to our satisfaction, you must pay for such additional training that we deem necessary to properly train such individual or a replacement trainee. Any subsequent Required Trainees must attend and successfully complete the PrideStaff Training Program.

Program Components

The PrideStaff Training Program, as presently structured, encompasses the following components:

- **Self-Directed Learning:** A preliminary phase of one week dedicated to self-directed learning, incorporating assigned online coursework, and prescribed reading materials. This includes access to eLearning online courses through the PrideStaff University Learning Management System (the "**LMS**").
- **Instructor-Led Training:** A period of two and one-half weeks of instructor-led training, typically held virtually, focusing on core competencies including, but not limited to, sales methodologies, operational procedures, administrative protocols, and business management principles.
- **Field Training:** A one-week field training component conducted at a Certified Training Office ("**CTO**") designated by us.

Currently, the details of the PrideStaff Training Program are as follows:

TRAINING PROGRAM

PRIDESTAFF TRAINING PROGRAM

SUBJECT	HOURS OF VIRTUAL/ CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Pre-Program Self-Paced eLearning			
• LMS Overview & 212 Readiness • Welcome to PrideStaff • Office Roles, Responsibilities & Standards • PrideStaff's Sales Process • PrideStaff's Selection Process	30 to 40	0	Self-study at home; virtual meetings
Week 1 Instructor-Led Training			
• Welcome to PrideStaff • Your Team • Selling PrideStaff	8 to 12	0	Virtual training or in-person training at our headquarters
Week 2 Instructor-Led Training			
• Introduction to Bullhorn • Introduction to Tech Stack • Inside Sales • Appointment Setting • Outside Sales • Sales Funnel • Job Orders	30 to 35	0	Virtual training or in-person training at our headquarters
• Owners Only – Business Management	4 to 5	0	

SUBJECT	HOURS OF VIRTUAL/ CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Week 3 Instructor-Led Training			
• EEO & ADA • Employee Selection Process • Talent Funnel Management • Filling Job Orders • Assignment Management • Time, Pay, Bill • Risk and Safety • Working as a Team	30 to 35	0	Virtual training or in-person training at our headquarters
Week 4 Field Training			
• Training in the Field	20 to 40	16 to 40	Certified Training Office
TOTAL HOURS	**122 to 167**	**16 to 40**	

We reserve the absolute and unilateral right to modify, amend, alter, or otherwise change, at our sole discretion, the timing, duration, content, delivery method, and location of any and all elements of the PrideStaff Training Program. Such modifications may include, but are not limited to, adjustments to the sequence, length, or content of the self-directed learning, instructor-led training, and field training components, as well as the designation of alternative CTO locations or the substitution of training modalities. We shall have no obligation to provide prior notice of such changes.

Instructors and Materials

PrideStaff University's faculty of instructors have a wide range of experience, with an average tenure of 10 years or more with the staffing industry. Our virtual classroom training is supervised and conducted by Amy Uhrig who has served as our Director of Learning and Development since January 2025. Ms. Uhrig has over 20 years of experience in the staffing industry with a primary focus on training, learning, and development.

We use a variety of training materials including eLearning coursework in the LMS, course guides, process scripts, system job aids, quizzes, quick reference sheets, PowerPoints, other written materials, and situational videos to meet the various preferences of adult learners. We grant you the right to utilize the LMS for the purpose of training their employees. This access is provided solely to facilitate employee development and operational proficiency. Temporary Associates are expressly excluded from eligibility for LMS access.

Training by You

You are responsible for training all of your other employees in accordance with our standards and training programs. We will provide you with access to training programs and materials that meet our minimum standards, which may be offered through our LMS. You must ensure that any of your employees that are responsible for marketing Staffing Services to Clients or for recruiting applicants and placing them with Clients successfully complete any initial or additional training programs or obtain any certifications that we require, in accordance with our standards.

Post-Opening Training

We maintain a commitment to ongoing education and professional development. Therefore, we will provide periodic post-opening training programs, which may be position-specific or applicable to all personnel and may be mandatory or optional. We may require your Required Trainees or other designated individuals to satisfactorily complete any additional training programs that we specify, including refresher or advanced training or certification programs. We reserve the right to deliver post-opening training programs through various modalities, including, but not limited to, the LMS, online sessions, and in-person training events. We reserve the right to impose a reasonable fee for participation in any additional training programs offered post-opening, provided that such fee will not exceed $1,000 per trainee per program.

PrideStaff Financial® Training Program

If you participate in the PSF program, the training program for those who offer PSF services will be conducted virtually over a seven-day period. Your Managing Owner and any specialists that will offer PSF services ("**PSF Specialists**") must successfully complete the training program to our satisfaction. If you are acquiring an existing Office, you will and your PSF Specialists will undergo the PSF training program after completing the PrideStaff Training Program. Additionally, any of your current PSF Specialists will participate in a refresher training session. Currently, there is no additional charge for attending these PSF training programs.

We will conduct classes as frequently as necessary to ensure that you complete training before beginning operation of your PSF program. Training resources will encompass the PSF Staffing Consultant Training Manual and the PSF Leadership Training Manual.

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
● PrideStaff Financial Introduction ● Sales ● Marketing ● Recruiting ● Candidate Management ● Placement ● Planning, Goal Setting and Planning ● Brand Management	35 to 40	0	Virtual training
TOTAL HOURS	**35 to 40**	**0**	

Training for Resale Office Buyer

If you are acquiring an existing Office, you must wait until the transfer of ownership is finalized before attending the PrideStaff Training Program. Once the transfer of ownership is complete, you and the Required Trainees, including those we designate, are obligated to attend the earliest training course after the transfer, adhering to the deadlines we specify.

Annual Meeting and Regional Meetings

We will sponsor, at no charge to you and any employees you designate, any PrideStaff annual conventions of Franchisees to provide continuing training, present new advertising and promotion initiatives and discuss topics of interest. We may, in our discretion, host regional meetings across the United States. The Majority Owner and your Branch Manager (if applicable) must attend our annual meeting. You will be financially responsible for any travel and living expenses that you and your employees incur to attend the annual meeting and regional meetings.

ITEM 12

TERRITORY

Territorial Rights

Under the Franchise Agreement, we grant to you the right to own and operate one or more Offices at Approved Locations specified within the designated Territory (defined in an attachment to the Franchise Agreement).

The specific geographic boundaries of each Territory will be established on a market-by-market basis. Each Territory will include at least 50,000 employees but will not exceed 200,000 employees. Major metropolitan markets will be segmented into multiple territories. We will use mapping software to assess the employee counts within the Territory. The Territory will be mutually agreed upon by both parties prior to signing the Franchise Agreement and will be specified on a map included as an exhibit to the Franchise Agreement.

You will receive an exclusive territory. During the term of the Franchise Agreement, we will not establish any other Offices located within your Territory, except as otherwise provided in the Franchise Agreement. During the term of the Franchise Agreement and subject to you being in Good Standing (as defined in the Franchise Agreement), we will not authorize any other Office to directly solicit or perform Staffing Services to Clients or prospective Clients for locations within the Territory, except as otherwise provided in the Franchise Agreement. If another Franchisee breaches this or any similar restriction under an agreement with us, we are not obligated to compensate you for any staffing services that Franchisee may have rendered in your Territory. We are also not obligated to compensate you for soliciting or accepting orders inside your Territory. You may not expand the number of Offices in your Territory without our approval, and your Offices may be operated only at Approved Locations.

You may not directly solicit, accept orders from consumers, nor perform Staffing Services to Clients or prospective Clients for locations outside of your Territory through any channel of distribution (including the Internet) without our prior written consent, which we may withhold, condition or withdraw for any reason or no reason. If we withdraw our consent, for whatever reason, you must immediately (a) stop soliciting and performing such Staffing Services outside your Territory in accordance with our directions and/or (b) cooperate in efforts to transfer such business to us or another Franchisee that we designate. You will not be entitled to any compensation for any business that we require you to discontinue or transfer to us or another Franchisee. Any failure to follow our discontinuance directions constitutes a material default under the Franchise Agreement. You will not have any rights, including options or rights of first refusal, to any areas outside of your Territory, even if you have been soliciting or performing such Staffing Services in such an area.

Reserved Rights and Restrictions

Although we reserve the right, we currently do not use any method of distribution, such as telemarketing, Digital Marketing, catalog sales or Internet sales, to make sales to customers within the Territory.

We reserve the exclusive right to control Digital Marketing related to the Office, the Marks, or the System. Aside from this, there is no restriction on any particular means of distribution you use to market your services to customers within the Territory, as long as any advertising material or telemarketing script has been presented to us for our prior written approval.

We reserve the right to enter into a major, regional, national, and/or vendor managed services account agreement with any Client that conducts business in more than one company or Franchisee territory and to designate them as a National Account Client. We reserve the right to manage and control the relationship with any National Account Client and to directly solicit and perform (or authorize others to perform) Staffing Services for National Account Clients at locations within your Territory. However, currently, we provide Franchisees with the opportunity to provide Staffing Services to National Account Clients to be performed at locations within your Territory, as long as we determine you are willing and able to provide such services in accordance with our standards for, and agreements with, National Account Clients. We may revoke such authorizations at any time.

We reserve all other rights not expressly granted to you in the Franchise Agreement, including the right to use any direct marketing method we wish to:

(a) establish Offices anywhere outside your Territory, regardless of how close the Offices are to your Office;

(b) to establish or franchise personnel services businesses or specialized staffing services businesses within your Territory, as long as they do not provide such services under the Marks; and

(c) purchase, merge, acquire or be acquired by an existing personnel service or any other business, and to operate, franchise or license these businesses within and outside the Territory operating under other marks following the purchase, merger, acquisition or affiliation.

Relocation

You may relocate your Office to a new Approved Location within the Territory only with our prior written consent. Currently, we will grant our consent only if the following conditions are fulfilled:

(a) You and your Related Parties are in Good Standing under the Franchise Agreement, any other agreement between us and you, and the Manuals;

(b) You agree to plan, construct, equip, and furnish your new Approved Location so that the premises meet the standards of appearance and function applicable to the premises of new PRIDESTAFF® Offices at the time you relocate; and

(c) We have given our prior written approval to the new site and the provisions of the lease for the new premises.

You must notify us a minimum of 60 days before your proposed relocation date. We have a detailed process to follow when you relocate.

Minimum Performance Standards

You do not have to meet a quota or performance standard to retain your territorial rights. However, maintenance of your right to operate your Office is dependent upon your meeting the following annual minimum performance standard (the "**Minimum Performance Standard**"). Within 60 days after each Agreement Year, we will determine the Gross Margin of your Office derived from Temporary Staffing Services for such Agreement Year. An "**Agreement Year**" is each 12-month period commencing on the effective date of the Franchise Agreement and on each anniversary of the effective date of the Franchise Agreement. To maintain your right to operate your Franchised Office, this amount must equal or exceed the Minimum Performance Standard. Your Minimum Performance Standard will depend on whether your franchise Office is a new, resale, or renewal PrideStaff business.

If your Office is a new franchised PrideStaff business, the Minimum Performance Standard is as follows:

MINIMUM PERFORMANCE STANDARD	
Agreement Year	**Total Gross Margin from Temporary Staffing Services**
Year 1	$125,000
Year 2	$250,000
Year 3	$375,000
Year 4	$500,000
Year 5	$500,000

In the first Agreement Year, the Gross Margin from Temporary Staffing Servies will be prorated based on the number of days remaining in the first Agreement Year from the date that the Franchised Business opens for business. For example, if the Franchised Business opens for business 120 days after the Effective Date, the prorated Minimum Performance Standards will be (x) 245 remaining days in first Agreement Year divided by 365 days in such year multiplied by (y) $125,000 (the Gross Margin listed in the table), which equals $83,904.

If you are purchasing your PrideStaff business from an existing Franchisee, the Minimum Performance Standard for the first Agreement Year will be 110% of the Minimum Performance Standard of the last full Agreement Year of the transferor Franchisee. If you are renewing your Franchise Agreement, the Minimum Performance Standard for the first Agreement Year will be 110% of the Minimum Performance Standard of the last year under your old Franchise Agreement. For both resales and renewals, the Minimum Performance Standard will increase pro rata each year until you reach the Minimum Performance Standard of $500,000 for the fourth and fifth Agreement Years.

Your failure to meet any Minimum Performance Standard for a given Agreement Year constitutes a material breach of the Franchise Agreement conferring on us all rights and remedies allowed under the Franchise Agreement and applicable law, provided the failure was not caused solely and exclusively by a force majeure event or our material breach of the Franchise Agreement.

The first time you fail to meet the Minimum Performance Standard, we may, in our discretion, offer you a Performance Improvement Plan ("**PIP**"). You must accept the terms of the PIP in writing and sign a general release. If you fail to complete the PIP to our satisfaction or if you fail to meet the Minimum Performance Standard in any year, we may terminate the Franchise Agreement, offer you an amendment to the Franchise Agreement to reduce your Territory to a size we deem appropriate, or defer our right to immediate termination for 90 days, or such other longer time period we deem appropriate, to allow you to resell your franchise, provided you agree in writing to exert your best efforts to resell the franchise and sign a general release. If we defer our right to terminate for you to resell your franchise and you fail to sign the extension agreement or release or fail to exert your best efforts to resell the franchise, we may terminate the Franchise Agreement immediately.

Additional Rights

We do not grant options, rights of first refusal, or similar rights to acquire additional franchises or territories, even if you are doing business in an unsold territory, even with our consent.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the right to use our principal identifying mark, PRIDESTAFF®. We registered the mark on the Principal Register of the United States Patent and Trademark Office ("**USPTO**") in International Class 35 for use in connection with employment agency services, personnel relocation services, personnel placement and recruitment services, temporary personnel placement and recruitment services, contract staffing services, personnel management consulting services, and personnel outplacement services on April 2, 1996, registration number 2,116,589.

If you qualify and we approve you to operate a PrideStaff Financial® division, we will grant you the right to use our mark, PrideStaff Financial®. We registered the mark on the Principal Register of the USPTO in International Class 35 for use in connection with employment agency services, personnel relocation services, personnel placement and recruitment services, temporary personnel placement and recruitment services, contract staffing services, personnel management consulting services, and personnel outplacement services on June 24, 2008, registration number 3,452,843.

As described in Item 1, we may authorize you to use the trademark "G.A. Rogers & Associates®." We registered the mark on the Principal Register of the USPTO in Class 35 for use in connection with employment agency services, personnel relocation services, personnel placement and recruitment services, temporary personnel placement and recruitment services, contract staffing services, personnel management consulting services, and personnel outplacement services on March 15, 2022, registration number 6,672,799.

We have filed all required affidavits and renewals for the above-referenced marks.

There are no effective determinations of the U.S. Patent and Trademark Office, the trademark administrator of this state or any court nor any pending material litigation involving the principal Marks that are material to the franchise.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the principal Marks that are material to the franchise.

We have the right to change the Marks and their specifications. You must promptly conform, at your own expense, to any such changes, and we have no liability to you for any such change. You may not use any Marks as (a) part of any corporate or legal business name, (b) with any prefix, suffix or other modifying words, terms, designs or symbols, (c) in connection with the performance or sale of any unauthorized services or products, (d) as part of the domain name or other electronic address of any website or similar medium, or (e) in any other manner we have not expressly authorized in writing. Your legal name may not include the words "staffing," "temporary," "personnel," "placement," "recruiting," "employment," "talent" or any other word that might suggest to an insurance carrier that you are the employer of the temporary personnel you place. You may not use the Marks in any advertising concerning the transfer, sale or other disposition of the franchise or Office or ownership interest in you. You must display the Marks prominently in the manner we prescribe at the Office and on forms and sales, advertising and public relations materials. You must give such notices of registration as we specify and obtain any fictitious or assumed name registrations required under applicable law.

You must notify us immediately in writing if you become aware of any unauthorized use of our Marks or System. You must promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Marks or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, we may select legal counsel and have the right to control the proceedings.

We do not know of any superior rights or infringing uses that could materially affect your use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patent or copyright registrations nor any pending patent applications that are material to the franchise. We claim common law copyright interests in our Manuals, the content of our web site and other information and materials.

The information, ideas, forms, marketing plans, and other materials we disclose to you under the Franchise Agreement, whether or not included in the Manuals, are our confidential and proprietary information and trade secrets. You agree to maintain the confidentiality of all such material. You must maintain the Manuals in a secure location at the Office premises. You may not disclose any such information to any third party or artificial intelligence system or program, except to your employees and agents as necessary in the operation of the Office and except as we authorize in writing. Each of your Related Parties and each of your employees must sign a written nondisclosure agreement. You must obtain a nondisclosure agreement from each employee and each new Related Party with whom you become affiliated during the term of the Franchise Agreement and promptly send a copy of the nondisclosure agreement to us.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Management

The Majority Owner (you, or if you are a company, the person with the controlling interest in you) must personally manage your Office on a full-time basis, unless we agree otherwise in writing. If you elect to hire a Branch Manager, the Branch Manager will be required to oversee operations of the Office on a full-time basis, but your Majority Owner will be required to continue to actively oversee operations of the Office on a part-time basis. The Branch Manager may, but is not required to, have an ownership interest in your entity. The Branch Manager must successfully complete our Initial Training Program prior to the opening of the Office or assuming management of the Office. If the Branch Manager ceases to manage your Office on a full-time basis for any reason, then your Majority Owner must immediately manage your Office on a full-time basis until you are able to hire a qualified and trained replacement Branch Manager.

Staffing

You are solely responsible for all labor and employment-related matters and decisions related to your Office, including hiring, firing, promoting, demoting, and compensating (including through wages, bonuses, or benefits) your employees. You must always employ a sufficient number of properly trained and qualified employees in appropriate roles to operate the Office according to our standards and must ensure that your employees successfully pass a comprehensive criminal background check. You must ensure that your employees preserve good Client relations and comply with the Franchise Agreement and the Manuals. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manuals or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your Office. You must also ensure that your employees understand they are not employees of us, but rather are employees of you, and must, at our request, cause them to sign an acknowledgement that they are not employees of us. Your employment paperwork and policies must not reference our entity or use the Marks and instead must reference your entity as their named employer. Further, you are not permitted to assign your employees to your Office as Temporary Associates. You may not utilize our client and candidate record management software with your employees.

Personal Covenants and Guarantee

All owners, both individuals and owners of franchisee if franchisee is an entity, must sign a nondisclosure and noncompetition agreement as well as a Personal Guaranty and Subordination Agreement in the form attached to the Franchise Agreement assuming and agreeing to discharge all of franchisee's obligations under the Franchise Agreement. If the franchisee entity and owner(s) of the franchisee entity do not satisfy the financial or management qualifications to become a franchisee based on their qualifications, we may require the spouse(s) of the owner(s) to sign the Personal Guaranty and Subordination Agreement in order to satisfy our qualifications. If a franchisee is an individual or group of individuals and he/she/they do not satisfy the financial or management qualifications to become a franchisee based on his/her/their qualifications, we may require the spouse(s) of the individual(s) to sign the Personal Guaranty and Subordination Agreement in order to satisfy our qualifications. We also may require your owners' spouses to sign a nondisclosure and noncompetition agreement.

You must ensure that all individuals with access to our confidential information sign a nondisclosure agreement, which you must ensure is compliant with your own state laws. You are also required to confirm that you have received a signed nondisclosure agreement and a signed acknowledgement of network policies from your staff members prior to them being furnished a PrideStaff email account, as well as other software and membership accounts. You must require your Branch Manager and any other individuals that we designate to execute a nondisclosure and noncompete agreement in a form that we prescribe.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use and sell all the goods and services and only the goods and services that we have authorized you to provide. We have the right to change the authorized goods and services in any manner that is consistent with the Franchise Agreement. If you are an entity, you must be a single purpose entity dedicated only to the operation of your business under the Franchise Agreement. You may conduct no other business from your Office.

You will, on our behalf, recruit and hire, determine compensation, and make employment decisions, with respect to Temporary Associates hired through your Office, although we will retain ultimate authority on these matters, which we generally will not exercise if you follow our procedures and guidelines. You may offer staffing services relating only to the types of industries and jobs we have authorized, as outlined in our Manuals and you may not use Temporary Associates to staff the operations of your Office.

Your marketing and solicitation of Clients is on our behalf and all Client relations are ours. All contracts and other arrangements with Clients for all Staffing Services provided by your Office are entered into by us or by you on our behalf. You may not enter into agreements with third parties to provide Staffing Services to Clients through your Office. All accounts receivable and other rights to compensation or other payments (including Conversion Fees) from Clients belong to us.

We retain the absolute right to withhold or withdraw approval of any temporary job placement in any industry category or for any Client because of liability, risk or cost considerations. If any Client poses a risk (e.g., an unsafe work environment or frequent or severe workers compensation claims), we may, at any time, require you to stop providing service to that Client.

You may not provide service to a Client at any location outside your Territory except under the limited conditions described in Item 12 of this disclosure document.

If we designate a Client as a National Account Client, you may not enter into separate agreements with such Client and must terminate any existing agreements with them. We may, in our sole discretion, offer you the opportunity to, or require you to, provide Staffing Services to National Account Clients.

While you may place accounting and financial service personnel under the Franchise Agreement, you will not have the right to use the PrideStaff Financial® brand while doing so without our prior written authorization. If you meet our eligibility standards and obtain our consent, you may add a desk for providing Temporary Staffing Services and Direct Hire Staffing Services of accounting and financial services personnel under the brand name of PrideStaff Financial®. Eligibility standards for using the PrideStaff Financial brand currently include:

(a) You employ a sufficient number of properly trained and qualified employees to operate your existing Office according to our standards.

(b) You agree to employ at least one full-time PSF specialist (the "**PSF Specialist**"), in addition to your existing staff, for the PSF Office.

(c) You and your initial and subsequent PSF Specialists must successfully complete our PSF training program.

(d) If you have been operating an Office when you seek to use the brand:

1. you and your Related Parties are in compliance with all provisions of the Franchise Agreement, any other agreement between us and you, and the Manuals;

2. Your PrideStaff Office is financially sound and you have, in addition to the funds needed to maintain your existing operation, at least $50,000 dedicated solely to the development of the PSF program; and

3. Your PrideStaff Office has a healthy, stable mix of Clients and business types.

We may modify or supplement the eligibility requirements for the program from time to time. We may terminate your right to participate in the PSF program if you are not in good standing under the Franchise Agreement, including the Minimum Performance Standards stated for the PSF program.

You may not offer Direct Hire Staffing Services under the GAR brand, unless you meet certain conditions and are either an existing Franchisee that has used the GAR brand and are entering into a successor term or you are acquiring your Office from such an existing Franchisee. All Offices may offer Direct Hire Staffing Services under the PRIDESTAFF® brand.

Your Office will accept and participate in all of the mandatory services, and may elect to accept and participate in some or all of the optional services, provided or made available by us to PrideStaff Offices, and you will pay all fees and charges for such services in which you participate. We will have the right periodically to (a) modify mandatory services and related fees and charges; (b) add new, or discontinue existing services; or (c) make any mandatory service optional or make any optional service mandatory; provided, however, in conjunction with any service being designated mandatory, such service will be implemented at all, or substantially all, franchised PrideStaff Offices located in the U.S. Fees and charges will be determined on the same basis for all franchised PrideStaff Offices that are participating in the service and may include: (a) overhead costs allocable to providing such service, including compensation of personnel directly involved in providing such services; (b) recovery of development costs for such service; (c) costs of tangible and intangible property employed in providing such service; and (d) costs of operating, maintaining and upgrading such service. You must pay such other fees and amounts set forth in the Franchise Agreement. All fees and charges that are expressly stated to be standard fees or subject to change may be changed on 30 days' notice.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

FRANCHISE AGREEMENT

PROVISION		SECTION	SUMMARY
a.	Length of the franchise term	4.5.1 and Software User Agreement (Attachment 4)	5 years from signing the Franchise Agreement; Software user agreement terminates if Franchise Agreement terminates.
b.	Renewal or extension of the term	4.5.2	If you meet certain conditions, you may renew under the terms of the then-current standard form of Franchise Agreement.
c.	Requirements for franchisee to renew or extend	4.5.2(a)-(e)	Upon renewal, you will be asked to sign a new Franchise Agreement that may have materially different terms and conditions. Other conditions: be in

PROVISION	SECTION	SUMMARY
		good standing, give timely notice, update your Office and equipment, hire a business development manager if you failed to meet the Minimum Performance Standard during the term, sign a release, and attend training to our satisfaction.
d. Termination by franchisee	10.1	We and you may terminate the Franchise Agreement by mutual written consent.
e. Termination by franchisor without cause	10.1	We and you may terminate the Franchise Agreement by mutual written consent.
f. Termination by franchisor with cause	10.2.1	We may terminate only upon uncured or noncurable material event of default.
g. "Cause" defined – curable defaults	10.2.2(a)-(e)	You have 5 days to cure non-payment defaults and 30 days to cure other curable defaults.
h. "Cause" defined non-curable defaults	10.2.2(f)-(q) and Software User Agreement (Attachment 4)	Noncurable defaults include failure to successfully complete initial training, failure to manage the Office on a fulltime basis, misuse of marks, material misrepresentation in securing franchise or operating franchised business, abandonment, repeated defaults, unapproved transfer, insolvency, conviction of criminal conduct, engaging in activities that may have an adverse effect, and competition with Franchise Network, failure on 3 or more separate occasions within 12 months, after receipt of written notice, whether or not such failures to comply were corrected after written notice. Software user agreement terminates if Franchise Agreement terminates for any reason.
i. Franchisee's obligations on termination/non-renewal	10.3	Complete de-identification, payment of amounts due (including damages), honoring option to purchase, assigning phone numbers and more. You must discontinue using the software we provide to you and return or destroy it, at our option.
j. Assignment of contract by franchisor	9.7 and Software User Agreement (Attachment 4)	We may assign Franchise Agreement to company that we reasonably believe can perform obligations and that promises in writing to perform obligations. No assignment of software user agreement by us without your consent, except to our affiliate or subsidiary. You may not assign it without our consent.
k. "Transfer" by franchisee – defined	3.25	Includes lien or transfer of agreement or sale of assets or ownership change.
l. Franchisor approval of transfer by franchisee	9.3	We have the right to approve all Transfers.
m. Conditions for franchisor approval of transfer	9.2 – 9.4	New Franchisee qualifies and meets all the criteria we then customarily apply to new Franchisees,

PROVISION		SECTION	SUMMARY
			resale/transfer fee paid, purchase agreement approved, training completed, release signed, you sign a non-compete and new Franchisee signs then current agreement
n.	Franchisor’s right of first refusal to acquire franchisee’s business	9.3	We have the right to match any offer to buy your business (but may substitute cash, our credit will be equal to the credit of the proposed purchaser and we are entitled to receive customary warranties and 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 2025 for Offices that had been operating continuously by the same franchisee 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.

2025 CALENDAR YEAR FINANCIAL DATA FOR PRIDESTAFF OFFICES OPERATING FOR AT LEAST 2 YEARS AS OF THE END OF 2025

	Gross Billings	Gross Margin	Franchisee Share $	Bill Rate (Temp)	Gross Margin %	Hourly Gross Margin	Hourly Franchisee Share
Franchised Offices (53 Offices)							
High	$10,642,484	$2,372,005	$1,652,09	$40.75	41.63%	17.62	$12.79
Median	$2,674,511	$611,549	$404,930	$28.53	22.79%	6.52	$4.30
Low	$573,582	$162,756	$106,875	$21.24	14.62%	3.54	$2.30
Average	$3,195,828	$719,416	$481,350	$27.76	22.51%	7.61	$4.31
% Achieved Average	34%	32%	32%	58%	53%	42%	49%
# Achieved out of 53	18	17	17	31	28	22	26
Company-Owned Offices (4 Offices)							
High	$16,456,006	$3,391,311		$30.86	20.46%	5.80	
Median	$2,883,275	$532,920		$28.92	18.57%	5.63	
Low	$961,618	$152,793		$26.21	15.74%	4.16	
Average	$5,796,043	$1,152,486		$28.43	19.76%	5.31	
% Achieved Average	25%	25%		50%	25%	75%	
# Achieved out of 4	1	1		2	1	3	
All Offices (57 Offices)							
High	$16,456,006	$3,391,311		$40.75	41.63%		
Median	$2,591,465	$611,549		$28.53	22.29%		
Low	$518,0501	$152,793		$21.24	14.62%		
Average	$3,286,929	$749,807		$27.84	22.18%		
% Achieved Average	32%	30%		60%	55%		
# Achieved out of 57	18	17		34	32		

<u>Notes to Item 19</u>:

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, 2025, there were 65 Franchised Offices in operation, 53 of which have been included in this table. These results exclude financial performance information for (a) five Franchised Offices that changed ownership due to resales in the two-year period, (b) six Franchised Offices that opened during the two-year period, and (c) one Franchised Office that was temporarily closed for a portion of the two-year period. The table also does not include (i) seven Franchised Offices that closed permanently during the 2024 calendar year (all of which had operated for more than 12 months prior to closing), (ii) seven Franchised Offices that closed permanently during the 2025 calendar year (one of which opened and closed in the same year), and (iii) two Franchised Offices that were reacquired by us in the 2025 calendar year, since these 16 Franchised Offices were not open as of December 31, 2025 and did not operate throughout the two-year period.

3. As of December 31, 2025, there were six Company-Owned Offices in operation, four of which have been included in this table. These results exclude financial performance information for two Company-Owned Offices that were acquired by the Company in 2025

and transitioned to a Company-Owned Office during the two-year period. No Company-Owned Offices closed permanently during the two-year period.

4. The Offices represented in this Item 19 are substantially similar to the PrideStaff Office you will operate under the Franchise Agreement. Of the 57 Offices included in this financial performance representation, (a) PSF-branded services were offered by 11 Franchised Offices and two Company-Owned Offices and (b) GAR-branded services were offered by four Franchised Offices and zero 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 2025, the Equivalent Royalty Fee retained by us related to the 57 Franchised Offices included in this Item 19 averaged 7.826% of Gross Billings, with 21 (40%) Offices paying a higher Equivalent Royalty Fee. The median Equivalent Royalty Fee was 7.67% of Gross Billings, the lowest Equivalent Royalty Fee was 5.11% of Gross Billings, and the highest Equivalent Royalty Fee was 11.41% 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, 2023, 2024 AND 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	80	74	-6
	2024	74	68	-6
	2025	68	65	-3
Company-Owned	2023	3	4	+1
	2024	4	4	0
	2025	4	6	+2
Total Outlets	**2023**	**80**	**74**	**-6**
	2024	**74**	**68**	**-6**
	2025	**68**	**65**	**-3**

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS OTHER THAN PRIDESTAFF FOR YEARS ENDING DECEMBER 31, 2023, 2024 AND 2025

State	Year	Number of Transfers
California	2023	2
	2024	2
	2025	0

State	Year	Number of Transfers
Florida	2023	1
	2024	0
	2025	0
Georgia	2023	1
	2024	0
	2025	0
Minnesota	2023	0
	2024	0
	2025	1
North Carolina	2023	0
	2024	0
	2025	1
Ohio	2023	0
	2024	0
	2025	1
Total	**2023**	**4**
	2024	**2**
	2025	**3**

TABLE NO. 3

STATUS OF FRANCHISED OUTLETS FOR
YEARS ENDING DECEMBER 31, 2023, 2024 AND 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AL	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	1	1
AZ	2023	4	0	0	0	0	1	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
CA	2023	13	0	0	0	1	1	11
	2024	11	0	0	0	0	0	11
	2025	11	1	0	0	0	0	12
CO	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	1	0	1
CT	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
DE	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
	2025	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
FL	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
	2025	7	0	0	0	0	1	6
GA(1)	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	1	1	0	0	2	4
IL	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	1	2
KY	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
	2025	1	0	0	0	0	0	1
LA	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
	2025	0	0	0	0	0	0	0
MD	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
MI	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	1	2
	2025	2	0	0	0	0	1	1
MN	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
MS	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
MO	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
NV	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
NJ	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	0	0	0	3
NY	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
NC	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
OH	2023	5	0	0	0	0	0	5
	2024	5	1	0	0	0	0	6
	2025	6	0	0	0	0	0	6
OR	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
PA	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
SC	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
TN	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
TX	2023	10	0	0	0	0	2	8
	2024	8	0	0	0	0	2	6
	2025	6	1	0	0	1	0	6
VA	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
	2025	1	1	0	0	0	0	2
WA	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Totals	**2023**	**80**	**0**	**0**	**0**	**1**	**5**	**74**
	2024	**74**	**1**	**0**	**0**	**0**	**7**	**68**
	2025	**68**	**6**	**1**	**0**	**2**	**6**	**65**

<u>Notes to Table 3</u>

1. One Franchised Office in Georgia both opened and closed in 2025.

TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ENDING DECEMBER 31, 2023, 2024 AND 2025

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2023	3	1	0	1	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CO	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	1	0	0	1
NV	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
TX	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	1	0	0	1
Totals	**2023**	**3**	**2**	**0**	**1**	**0**	**4**
	2024	**4**	**0**	**0**	**0**	**0**	**4**
	2025	**4**	**0**	**2**	**0**	**0**	**6**

Notes to Table No. 4:

In 2023, an Office in California relocated across the state line to Reno, Nevada. In this table, it is noted as a closure in California and an opening in Nevada, though the Office continuously operated throughout 2023.

TABLE NO. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2025 FOR FISCAL YEAR ENDING DECEMBER 31, 2026

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year (2026)	Projected New Company-Owned Outlet in the Next Fiscal Year (2026)
Nebraska	1	0	1
Texas	1	0	1
Totals	**2**	**0**	**2**

Attached as Exhibit D-1 to this disclosure document are the names, addresses and telephone numbers of all current Franchisees as of December 31, 2025.

Attached as Exhibit D-2 to this disclosure document are the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of the Franchisees who have had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement as of December 31, 2025, or who has not communicated with us within 10 weeks of our fiscal year end.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Some of our Franchisees signed confidentiality clauses within the past three fiscal years. In some instances, current and former Franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former Franchisees but be aware that not all such Franchisees will be able to communicate with you.

We have established a PrideStaff Brand Advisory Council ("**PBAC**") with the objective to grow our brand with a collaborative effort. The PBAC shares our same address, telephone number, and email address. The PBAC serves in an advisory capacity only. We have the right to change or dissolve the PBAC at our discretion. PBAC members include both Franchisees and our representatives. PBAC members are selected by the executive committee comprised of our executives. Factors taken into account include business mix, length of operations, and geographic location.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit B are our audited balance sheets as of December 28, 2025 and December 29, 2024, and related statements of income, changes in shareholders' equity and cash flows for the years ended December 28, 2025, December 29, 2024, and December 31, 2023, and the related notes to the financial statements.

Also attached to this disclosure document as **Exhibit B** is our unaudited balance sheet and income statement as of January 25, 2026. These financial statements are unaudited and include, in the opinion of management, normal recurring adjustments necessary to fairly state our financial condition as of that date. These financial statements have not been reviewed by an accountant and are incomplete, as they do not contain any financial statement notes.

ITEM 22

CONTRACTS

The following agreements are proposed for use in this state in connection with the franchise we offer:

TITLE OF AGREEMENT	EXHIBIT/ ATTACHMENT #	SIGNED BY
Franchise Agreement	Exhibit C	You and us
Designation of Approved Location	Attachment 2	You and us
Special Release	Attachment 3	You
Franchise Software User Agreement	Attachment 4	You and us
Assignment of Telephone Numbers, E-mail Address and URL's and Special Power of Attorney	Attachment 5	You
Nondisclosure and Noncompetition Agreement	Attachment 7	Branch Manager and others designated by us

TITLE OF AGREEMENT	EXHIBIT/ ATTACHMENT #	SIGNED BY
Personal Guaranty and Subordination Agreement	Attachment 8	Owners and spouses
E-mail and Internet Policy	Exhibit F	You

ITEM 23

RECEIPTS

Attached, as the last page of this disclosure document (Exhibit I-2), is a receipt. Please sign it, date it as of the date you receive this disclosure document and return it to us. A duplicate of the receipt (Exhibit I-1) is attached for your records.

EXHIBIT A

STATE ADMINISTRATORS

STATE AGENCIES/AGENTS
<u>FOR SERVICE OF PROCESS</u>

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

<u>CALIFORNIA</u>

Commissioner of Department of Financial Protection & Innovation
Department of Financial Protection & Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

<u>HAWAII</u>

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

<u>ILLINOIS</u>

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Corporate Oversight Division
Attn: Franchise Section
G. Mennen Williams Building, 5th Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Insurance Commissioner
North Dakota Insurance & Securities
Department
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510
(701) 328-2910

(state agency)

North Dakota Insurance & Securities
Department
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(362) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 41200
Olympia, Washington 98501-1200
(362) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT B

FINANCIAL STATEMENTS

PRIDESTAFF, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 28, 2025,
THE YEAR ENDED DECEMBER 29, 2024
AND THE YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

Dedekian, George, Small, & Markarian
Accountancy Corporation

(559) 431-5500
www.cpaplus.com
7541 N. Remington Ave., Suite 101
Fresno, CA 93711

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
of PrideStaff, Inc.
Fresno, California

Opinion

We have audited the accompanying financial statements of PrideStaff, Inc. (a California corporation), which comprise the balance sheets as of December 28, 2025 and December 29, 2024, and the related statements of income, changes in shareholders' equity, and cash flows for the years ended December 28, 2025, December 29, 2024 and December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PrideStaff, Inc. as of December 28, 2025 and December 29, 2024, and the results of its operations and its cash flows for the years ended December 28, 2025, December 29, 2024 and December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PrideStaff, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PrideStaff, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PrideStaff, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PrideStaff, Inc.'s ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Dedekian, George, Small & Markarian

Dedekian, George, Small & Markarian
Accountancy Corporation
March 17, 2026

PRIDESTAFF, INC.
BALANCE SHEETS
DECEMBER 28, 2025 AND DECEMBER 29, 2024

	December 28, 2025	December 29, 2024
ASSETS		
Current assets:		
Cash	$ 1,495,510	$ 1,556,574
Accounts receivable, less allowance for credit losses of $544,045 and $568,153 at December 28, 2025 and December 29, 2024, respectively	22,720,261	24,401,510
Supplies inventory	199,712	177,759
Prepaid expenses and other current assets	10,684,837	10,174,416
Note receivable, franchisee - current portion	137,357	-
Total current assets	35,237,677	36,310,259
Property and equipment, net	198,561	202,755
Intangibles and goodwill, net	136,317	47,613
Operating lease right-of-use assets	861,020	1,550,350
Note receivable, franchisee	275,476	-
Contract assets	331,380	257,540
Other assets	79,540	48,882
	$ 37,119,971	$ 38,417,399
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 7,744,340	$ 8,042,351
Accrued payroll and related taxes	4,811,503	4,271,866
Line-of-credit	2,804,777	5,342,828
Current maturities of operating lease liabilities	476,032	892,366
Total current liabilities	15,836,652	18,549,411
Long-term portion of operating lease liabilities	433,638	755,312
Contract liabilities	87,525	171,950
Total liabilities	16,357,815	19,476,673
Shareholders' equity:		
Common stock, no par value, authorized 10,000,000 shares, 1,729,511 shares issued and outstanding	383,680	383,680
Additional paid-in capital	73,133	73,133
Retained earnings	20,613,124	18,791,694
Treasury stock, 35,000 shares	(307,781)	(307,781)
Total shareholders' equity	20,762,156	18,940,726
	$ 37,119,971	$ 38,417,399

The accompanying notes are an integral part of these financial statements.

PRIDESTAFF, INC.
STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 28, 2025,
THE YEAR ENDED DECEMBER 29, 2024 AND
THE YEAR ENDED DECEMBER 31, 2023

	Year Ended December 28, 2025	Year Ended December 29, 2024	Year Ended December 31, 2023
Revenues from services	$ 252,315,080	$ 246,822,418	$ 273,924,935
Cost of services	188,915,917	183,446,851	206,864,535
Gross profit	63,399,163	63,375,567	67,060,400
Operating expenses	44,464,083	44,060,626	49,443,858
Administrative services	16,112,913	16,345,896	16,627,936
	60,576,996	60,406,522	66,071,794
Operating income	2,822,167	2,969,045	988,606
Other income (expense):			
Interest expense	(131,573)	(51,544)	(66,068)
Other, net	175,108	109,085	182,616
Income before income taxes	2,865,702	3,026,586	1,105,154
Income taxes	147,991	155,116	281,007
Net income	$ 2,717,711	$ 2,871,470	$ 824,147

The accompanying notes are an integral part of these financial statements.

PRIDESTAFF, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 28, 2025,
THE YEAR ENDED DECEMBER 29, 2024 AND
THE YEAR ENDED DECEMBER 31, 2023

	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance, January 1, 2023 (as originally reported)	1,729,511	$ 383,680	$ 73,133	$ 15,975,845	$ (307,781)	$ 16,124,877
Prior period adjustment	-	-	-	337,096	-	337,096
Balance, January 1, 2023 (as revised)	1,729,511	383,680	73,133	16,312,941	(307,781)	16,461,973
Net income	-	-	-	824,147	-	824,147
Shareholder distributions	-	-	-	(211,869)	-	(211,869)
Balance, December 31, 2023 (as revised)	1,729,511	383,680	73,133	16,925,219	(307,781)	17,074,251
Net income	-	-	-	2,871,470	-	2,871,470
Shareholder distributions	-	-	-	(1,004,995)	-	(1,004,995)
Balance, December 29, 2024	1,729,511	383,680	73,133	18,791,694	(307,781)	18,940,726
Net income	-	-	-	2,717,711	-	2,717,711
Shareholder distributions	-	-	-	(896,281)	-	(896,281)
Balance, December 28, 2025	1,729,511	$ 383,680	$ 73,133	$ 20,613,124	$ (307,781)	$ 20,762,156

PRIDESTAFF, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 28, 2025,
THE YEAR ENDED DECEMBER 29, 2024 AND
THE YEAR ENDED DECEMBER 31, 2023

	Year Ended December 28, 2025	Year Ended December 29, 2024	Year Ended December 31, 2023
Cash flows from operating activities:			
Net income	$ 2,717,711	$ 2,871,470	$ 824,147
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	98,235	153,755	192,947
Amortization	11,296	40,823	71,040
Decrease of operating lease right-of-use assets	859,961	836,538	784,946
Increase of operating lease liabilities	192,959	122,108	91,332
Decrease in allowance for credit losses	(33,483)	(111,727)	(264,430)
Loss on sale of assets	-	59	-
(Increase) decrease in assets:			
Accounts receivable	1,714,732	(120,422)	7,042,151
Supplies inventory	(21,953)	130,909	4,766
Prepaid expenses and other current assets	(510,421)	(5,250,317)	1,225,569
Operating lease right-of-use assets	(170,631)	(101,848)	(53,483)
Contract assets	(73,840)	77,874	223,773
Other assets	(30,658)	(2,838)	-
Increase (decrease) in liabilities:			
Accounts payable and other accrued expenses	(298,011)	75,887	(2,481,213)
Accrued payroll and related taxes	539,637	(721,103)	(851,692)
Operating lease liabilities	(930,967)	(881,806)	(839,786)
Contract liabilities	(84,425)	(170,725)	(208,700)
Net cash provided by (used in) operating activities	3,980,142	(3,051,363)	5,761,367
Cash flows from investing activities:			
Purchases of property and equipment	(94,041)	(34,738)	(152,411)
Acquisition of intangibles	(100,000)	-	(15,800)
Advances on notes receivable, franchisees	(461,131)	-	-
Principal collection on notes receivable - franchisees	48,298	-	-
Net cash used in investing activities	(606,874)	(34,738)	(168,211)
Cash flows from financing activities:			
Borrowings on line-of-credit	91,705,166	26,340,098	61,540,810
Payments on line-of-credit	(94,243,217)	(22,016,638)	(67,121,442)
Distributions to shareholders	(896,281)	(1,004,995)	(211,869)
Net cash provided by (used in) financing activities	(3,434,332)	3,318,465	(5,792,501)
Net increase (decrease) in cash	(61,064)	232,364	(199,345)
Cash at beginning of year	1,556,574	1,324,210	1,523,555
Cash at end of year	$ 1,495,510	$ 1,556,574	$ 1,324,210

The accompanying notes are an integral part of these financial statements.

PRIDESTAFF, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 28, 2025,
THE YEAR ENDED DECEMBER 29, 2024 AND
THE YEAR ENDED DECEMBER 31, 2023

	Year Ended December 28, 2025	Year Ended December 29, 2024	Year Ended December 31, 2023
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid (received) during the year for:			
Interest	$ 138,270	$ 44,516	$ 62,204
Income taxes	$ 52,771	$ (462,407)	$ 693,754

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

PrideStaff, Inc. (the "Company"), a California corporation, provides temporary clerical, professional, and light industrial personnel to a diversified group of customers through its Company-owned and franchise operations. The Company operates Company-owned and franchise locations throughout the United States, as well as four divisions: RX Relief, Insurance Relief, PrideStaff Financial and G.A. Rogers & Associates. The Company has adopted a 52/53 week fiscal year for financial statement and income tax reporting purposes. The fiscal year ended December 28, 2025 includes 52 weeks; the fiscal year December 29, 2024 includes 52 weeks and the fiscal year ended December 31, 2023 includes 52 weeks.

Accounting Method

The Company uses the accrual method of accounting.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all short-term debt securities purchased with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recognized when services are rendered. Accounts receivable are due from commercial customers located throughout the United States. Credit is extended based on an evaluation of the customer's financial condition and collateral is generally not required.

Allowance for Credit Losses

The Company records an allowance for credit losses, billed and unbilled, based on historical loss experience, customer payment patterns, current economic trends, and reasonable and supportable forecasts, as applicable. The Company estimates the current expected credit losses by applying internally developed loss rates to all outstanding receivable balances. Accounts receivable are written-off against the allowance when they are deemed uncollectible. The Company reviews the adequacy of the allowance for uncollectible accounts receivable on a monthly basis and, if necessary, increases or decreases the balance by recording a charge or credit to operating and administrative expenses for the portion of the adjustment relating to uncollectible accounts receivable.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses (Continued)

The Company is exposed to credit losses primarily through sales of temporary personnel staffing services to customers. The Company establishes an allowance for estimated credit losses in the current period resulting from the failure of its customers to make required payments on their trade accounts receivable in future periods. The Company pools such assets by geography and apply an internally developed loss rate to estimate future credit losses utilizing inputs such as historical write-off experience, customer payment patterns, current collection data, and reasonable and supportable forecasts, as applicable. Credit risk with respect to accounts receivable is limited due to short payment terms. The Company also performs ongoing credit evaluations using applicable credit ratings of its customers to help analyze credit risk. The Company monitors ongoing credit exposure through frequent review of past due accounts (based on the payment terms of the contract) and follow-up with customers, as appropriate. The Company may employ collection agencies and legal counsel to pursue recovery of defaulted receivables. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election.

Supplies Inventory

Supplies inventory is stated at the lower of standard cost (which approximates average cost) or market.

Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method over estimated useful lives of the assets as follows:

	Estimated Useful Lives
Office equipment	3 - 10 years
Computer equipment	3 - 5 years
Leasehold improvements	3 - 10 years

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Intangibles

Trademarks and website software are amortized using the straight-line method over estimated useful lives (3 to 5 years). Covenant not to compete is amortized using the straight-line method over the term of the agreement (2 to 5 years).

Goodwill

Beginning December 29, 2014, the Company adopted the accounting alternative offered to nonpublic entities for the subsequent measurement of goodwill. In accordance with this alternative, the Company amortizes goodwill over ten years on the straight-line basis and only evaluates goodwill for impairment at the entity level when a triggering event occurs. Beginning December 30, 2019, the Company adopted the accounting alternative that allows it to evaluate goodwill impairment triggering events only as of the end of each reporting period.

Notes Receivable

Notes receivable are stated at unpaid principal balances. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Investment in Captive Insurance Programs

Included in other assets are the Company's investments in a Workers' Compensation captive insurance program of $36,000 and a Health Benefits captive insurance program of $20,000 which are accounted for using the cost method. The investment was not evaluated for impairment because (a) it is not practicable to estimate its fair value due to insufficient information being available and (b) management did not identify any events or changes in circumstances that might have a significant adverse effect on the fair value of the investment. The Company has exited the Workers' Compensation captive insurance program, effective January 1, 2024 and the investment in the captive insurance program will be returned to the Company once the historical loss period statute of limitations has passed.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Self-Insurance

Effective January 1, 2024, the Company is self-insured for certain losses related to workers' compensation. Premiums paid on the self-insurance policy are recorded to prepaid workers compensation, which are included in prepaid expenses and other current assets.

The Company recognizes the estimated cost for future claims to be incurred (undiscounted) at the balance sheet date as a reserve liability. The expected ultimate cost for claims incurred is estimated based upon analysis of historical data and input estimates. Self-insurance workers compensation reserve liabilities, which is included in accounts payable and accrued expenses in the balance sheets at December 28, 2025 and December 29, 2024, was $3,216,870 and $3,257,606, respectively.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense for the years ended December 28, 2025, December 29, 2024 and December 31, 2023 was $1,671,640, $1,905,841 and $1,824,531, respectively.

Income Taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be treated as an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The Company is subject to franchise and income taxes in certain states.

The Company is subject to examination by the Internal Revenue Service and various state tax authorities for tax years ranging from 2021 to 2025.

The Company recognized no increase in the liability for unrecognized tax benefits. The Company has no tax position at December 28, 2025 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in administrative services expense. During the years ended December 28, 2025, December 29, 2024 and December 31, 2023, the Company's interest and penalties recognized were not material. The Company had no accruals for interest and penalties at December 28, 2025 and December 29, 2024.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CONCENTRATION OF CREDIT RISK

The Company maintains cash balances at a single financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 each. The Company maintains balances from time to time at this institution in excess of the insured limits. At December 28, 2025, the Company's uninsured cash balance was $1,806,084.

At December 28, 2025 and December 29, 2024, one customer accounted for 20% and 22%, respectively, of the Company's gross accounts receivable.

For the years ended December 28, 2025, December 29, 2024 and December 31, 2023, one customer accounted for 9%, 10% and 7%, respectively, of the Company's total revenues from services.

3. CREDIT LOSSES

The Company adopted FASB ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures, as applicable.

3. CREDIT LOSSES (CONTINUED)

The rollforward of the allowance for credit losses related to trade accounts receivable, which is recorded in accounts receivable, less allowance for credit losses in the balance sheet, is as follows:

	December 28, 2025	December 29, 2024
Balance, beginning of year	$ 568,153	$ 566,905
Bad debt expense	145,524	39,858
Write-offs	(353,852)	(173,305)
Recoveries	184,220	134,695
Balance, end of year	$ 544,045	$ 568,153

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 28, 2025	December 29, 2024
Office equipment	$ 1,402,953	$ 1,437,031
Computer equipment	2,272,461	2,437,968
Leasehold improvements	776,274	776,274
	4,451,688	4,651,273
Less accumulated depreciation	4,253,127	4,448,518
	$ 198,561	$ 202,755

Depreciation expense for the years ended December 28, 2025, December 29, 2024 and December 31, 2023 was $98,235, $153,755 and $192,947, respectively.

5. INTANGIBLES

Intangible assets at December 28, 2025 and December 29, 2024, net of accumulated amortization of $549,598 and $548,099, respectively, consist of the following:

	December 28, 2025	December 29, 2024
Trademarks, net of accumulated amortization of $10,446 and $10,446	$ -	$ -
Website software, net of accumulated amortization of $497,093 and $495,594	403	1,902
Covenant not to compete, net of accumulated amortization of $42,059 and $42,059	-	-
Total intangible assets	$ 403	$ 1,902

Amortization expense related to intangible assets for the years ended December 28, 2025, December 29, 2024 and December 31, 2023 was $1,499, $35,068 and $67,040, respectively.

Estimated amortization expense at December 28, 2025 for each of the five succeeding years is as follows:

2026	$ 402
2027	-
2028	-
2029	-
2030	-
	$ 402

The Company’s future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

6. GOODWILL

The gross carrying amounts of goodwill, accumulated amortization, and accumulated impairment loss for the years ended December 28, 2025 and December 29, 2024, are as follows:

	December 28, 2025	December 29, 2024
Goodwill	$ 534,322	$ 434,322
Less accumulated amortization	215,913	206,116
Less accumulated impairment loss	182,495	182,495
Goodwill, net	$ 135,914	$ 45,711

There was $9,797, $5,755 and $4,000 of amortization expense recognized on goodwill assets for the years ended December 28, 2025, December 29, 2024 and December 31, 2023. Goodwill includes $100,000 and $15,800 added in the years ended December 28, 2025 and December 31, 2023 from the purchase of a franchisee-owned office with the intention of converting the office to a company-owned office. The Company amortizes goodwill on the straight-line method over ten years unless a shorter useful life is more appropriate. The weighted average amortization period is ten years.

7. NOTE RECEIVABLE, FRANCHISEE

Note receivable, franchisee consist of the following:

	December 28, 2025
Franchisee, $461,131, monthly payments of $8,000 in months containing four weeks of sales and $10,000 in months containing five weeks of sales until April 2026, then monthly payments of $13,900 in months containing four weeks of sales and $18,500 in months containing five weeks of sales, continuing until paid in full. All payments include interest at 6.00%.	$ 412,833
	412,833
Less current maturities	137,357
	$ 275,476

7. NOTE RECEIVABLE, FRANCHISEE (CONTINUED)

The Company recognized franchisee interest income of $19,641 during the year ended December 28, 2025.

8. LINE-OF-CREDIT

The revolving line-of-credit agreement allows the Company to borrow $17,000,000 for working capital through May 15, 2026. The line-of-credit bears interest at the Daily Simple Secured Overnight Financing Rate in effect from time to time (3.76% at December 28, 2025) plus 1.85%. The line-of-credit contains an unused commitment fee in which the Company will pay a fee of 0.25% per annum on any day in which the usage amount of the credit line falls below $8,500,000, calculated and due and payable on a quarterly basis. The line-of-credit is secured by the Company's accounts receivable and other rights to payment, and general intangibles. Such agreements contain various restrictive financial and other covenants, of which the Company complied with as of December 28, 2025. The balance on the line-of-credit was $2,804,777 and $5,342,828 as of December 28, 2025 and December 29, 2024, respectively.

Additionally, the Company has a performance letter of credit outstanding totaling $5,472,753 as of December 28, 2025 and December 29, 2024, respectively, which guarantees certain insurance policies and expires on January 1, 2027. The contract amount of the letter of credit is fixed over the life of the commitment and is the amount at which settlement of the obligation would occur with the counterparty. The Company recognizes losses on these commitments as incurred; however, none have been incurred, nor are any anticipated.

9. REVENUE RECOGNITION

Revenue related to temporary payroll services provided to commercial customers is recognized when earned. A portion of the Company's revenue is attributable to franchise operations. Customers and temporary employees related to franchise operations are customers and employees of the Company. Accordingly, the Company includes such revenue and related direct costs in its revenue from services and cost of services, respectively. The net gross margin share paid to the franchisee is based upon a percentage of the gross margin generated and is included in operating expenses. Revenue and cost of services related to franchisees were $182,019,199 and $145,311,190 for the year ended December 28, 2025; $190,386,955 and $145,816,367 for the year ended December 29, 2024; and $217,013,892 and $166,089,498 for the year ended December 31, 2023.

9. REVENUE RECOGNITION (CONTINUED)

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of $40,000 upon signing and continuing fees based upon a percentage of gross profit (the initial fee of $40,000 was temporarily suspended for the years ended December 28, 2025 and December 29, 2024). The initial term of the franchise agreement ranges between 5 to 10 years. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including site selection, training, opening assistance, printed materials, operations manual, and consultations.

Subject to the Company's approval, a franchisee may generally renew its agreement upon its expiration. Direct costs of sales of franchise and license agreements are recognized over the term of the agreement. These costs are recognized as contract assets. The Company records a liability for franchise fees that have yet to be earned for the term of the franchise agreement. These liabilities are recognized as contract liabilities.

Upon adoption of FASB ASC 606, the Company determined that the initial franchise fees, broker fees and sales commissions related to its franchise agreements will be deferred and recognized on a straight line basis over the duration of the agreement, as this ensures that revenue and cost recognition aligns with the franchisee's access to the franchise right.

Contract Balances and Accounts Receivable

Information about the opening and closing balances of contract balances and receivables subject to FASB ASC 606 consists of the following:

	December 28, 2025	December 29, 2024	December 31, 2023
Accounts receivable, net	$ 22,720,261	$ 24,401,510	$ 24,169,361
Contract assets	$ 331,380	$ 257,540	$ 335,414
Contract liabilities	$ 87,525	$ 171,950	$ 342,675

9. REVENUE RECOGNITION (CONTINUED)

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations:

	Year Ended December 28, 2025	Year Ended December 29, 2024	Year Ended December 31, 2023
Services transferred at a point in time	$252,200,655	$246,641,693	$273,641,235
Services transferred over time	114,425	180,725	283,700
	$252,315,080	$246,822,418	$273,924,935

Revenue from services transferred at a point in time consists of temporary payroll services. These services are provided to commercial customers.

Revenue from services transferred over time consists of initial franchise fee revenue recognized over the term of the franchise agreement.

Performance Obligations

For services transferred at a point in time related to temporary payroll services, revenue is recognized when services have been provided to the customer.

For services transferred over time related to initial franchise fees, the right to operate the franchise is recognized by the franchisor over the term of the agreement and is treated as a single performance obligation.

The Company does not have any significant financing components as payment is typically received shortly after services are provided.

There are two items involving revenue recognition of contracts that require the Company to make subjective judgments: the determination of which performance obligations are distinct within the context of the overall contract and the estimated standalone selling price of each obligation.

The Company does not disclose the value of unsatisfied performance obligations for 1) contracts with an original expected length of one year or less and 2) contracts for which they recognize revenue at the amount to which they have the right to invoice for services performed.

9. REVENUE RECOGNITION (CONTINUED)

Variable Consideration

The Company's contracts do not include a variable consideration component.

10. INCOME TAXES

Income taxes consist of current state tax expense for each of the years ended December 28, 2025, December 29, 2024 and December 31, 2023, respectively.

11. LEASE COMMITMENTS

The Company leases certain buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the balance sheets. Finance leases are included in finance lease right-of-use assets and finance lease liabilities in the balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. Since most of the Company's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free discount rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise the option.

11. LEASE COMMITMENTS (CONTINUED)

Certain of the lease agreements include variable payments which are reimbursements to the lessor for expenses related to common area maintenance of leased office facilities. The Company's share is determined on a percentage of square footage of space leased compared to the total property square footage. The estimated charges are provided to the Company at the beginning of the lease anniversary term and are reconciled to the actual charges at the end of the anniversary date. The amounts are not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company accounts for the lease and non-lease components as a single lease.

The Company has elected to apply the short-term lease exception to all leases with a term of one year or less.

The following summarizes the weighted average remaining lease term and discount rate as of:

	December 28, 2025	December 29, 2024
Weighted average remaining lease term:		
Operating leases	2.73 Years	2.71 Years
Weighted average discount rate:		
Operating leases	2.27%	1.69%

The maturities of lease liabilities as of December 28, 2025 were as follows:

2026	$ 490,862
2027	185,700
2028	129,124
2029	73,268
2030	33,638
Thereafter	31,681
Total lease payments	$ 944,273
Less: present value discount	34,603
Present value of lease liabilities	$ 909,670

11. LEASE COMMITMENTS (CONTINUED)

The following summarizes the line items in the income statements which include the components of lease expense for the years ended:

	December 28, 2025	December 29, 2024	December 31, 2023
Operating leases:			
Operating leases included in operating and administrative expenses	$ 882,288	$ 862,268	$ 823,764
Short-term leases included in operating administrative expenses	13,741	6,068	21,280
Variable lease payments included in operating and administrative expenses	327,681	286,555	251,784
Total operating lease costs	$ 1,223,710	$ 1,154,891	$ 1,096,828

The following summarizes cash flow information related to leases for the years ended:

	December 28, 2025	December 29, 2024	December 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 930,967	$ 881,806	$ 839,786
Lease assets obtained in exchange for lease obligations:			
Operating leases	$ 170,631	$ 101,848	$ 53,482

12. 401(K) PROFIT SHARING PLAN

In 1997 the Company adopted a 401(k) profit sharing plan (the “Plan”), a qualified plan under the Internal Revenue Code, under which, generally, all employees are eligible to contribute once eligibility requirements are met. Eligible full-time employees for the Plan must be 21 years of age or older, have completed 1,000 hours of service and be employed for one year.

12. 401(K) PROFIT SHARING PLAN (CONTINUED)

The Company has instituted the “safe harbor” provisions of the plan. Under the Plan, eligible employees may elect to defer a portion of their salary (up to $23,500 for the year ended December 28, 2025) on a pre-tax or after-tax basis. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. The maximum amount of catch-up contributions for 2025 is $7,500. The Company matches 100% of the employees’ contributions up to a maximum of 3% of their compensation plus 50% of the employees’ contributions over 3% up to maximum of 5% of their compensation. Employer safe harbor match contributions of $356,020, $299,114, and $332,294 were made during the years ended December 28, 2025, December 29, 2024 and December 31, 2023, respectively.

The Plan also provides for discretionary employer contributions as determined by the Board of Directors (there were no contributions for the years ended December 28, 2025, December 29, 2024 and December 31, 2023).

On November 15, 2025, the Company approved the merger of the Plan into the Principal EASE Pooled Employer Plan (“PEP). All investments were transferred from the Plan into the PEP on that date.

13. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company is subject to various legal proceedings from time to time as part of its business. As of December 28, 2025, the Company was not party to any legal proceedings or threatened legal proceedings that management believes will have a material adverse effect on the financial position or results of operations of the Company.

14. SUBSEQUENT EVENTS

On November 17, 2025, the Company entered into a lease agreement at a new location for one of its corporate owned franchise locations. The lease commencement date is undermined as of the report date due to various construction delays, when it is determined the related right-of-use asset and lease liabilities will be recorded. Lease payments begin May 2026 and continue through April 2031, at which time the Company may extend the lease for additional five years. The lease calls for payments of $6,716 per month plus common area charges, with annual scheduled rent increases beginning on May 1, 2027.

14. SUBSEQUENT EVENTS (CONTINUED)

On December 9, 2025, the Company entered into a lease agreement for one of its corporate owned franchise locations. The lease commencement date is January 1, 2026 at which time the related right-of-use asset and lease liabilities will be recorded. Lease payments began January 2026 and continue through December 2028. The lease calls for payments of $2,091 per month, with annual scheduled rent increases beginning on January 1, 2027.

The Company has evaluated subsequent events through March 17, 2026, the date which the financial statements were available to be issued.

THE FOLLOWING FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Pridestaff, Inc.

Balance Sheet
(As of January 25, 2026)
(Unaudited)

	January 25, 2026
ASSETS	
Cash	$1,496,004
Accounts Receivable	
less allowance for doubtful accounts	17,158,444
Misc. Receivables	128,352
Prepaid expenses	3,128,374
Workers Comp Letter of Credit	1,741,319
Prepaid Workers Compensation	5,867,481
TOTAL CURRENT ASSETS	**29,519,974**
PROPERTY AND EQUIPMENT, NET	190,566
OPERATING LEASES CAPITALIZED	860,855
NOTES RECEIVABLE, SHAREHOLDER	274,204
NOTES RECEIVABLE, FRANCHISEE	410,497
INVESTMENT IN CAPTIVE	56,000
CONTRACT ASSETS (FDD)	312,941
OTHER ASSETS	188,033
TOTAL ASSETS	**$31,813,070**

Pridestaff, Inc.

Balance Sheet
(As of January 25, 2026)
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY	
Accounts payable and accrued expenses	3,969,857
Accrued Workers Compensation	3,367,783
Accrued payroll and related taxes	3,343,806
Obligations under capital leases	436,203
TOTAL CURRENT LIABILITIES	**11,117,649**
OBLIGATIONS UNDER CAPITAL LEASES, DUE AFTER ONE YEAR	468,622
CONTRACT LIABILITIES (FDD)	77,272
STOCKHOLDERS' EQUITY	
Common stock, no par value; 10,000,000 shares authorized, 1,729,511 shares issued & outstanding	383,680
Additional Paid in Capital	73,133
Treasury Stock, 35,000 shares	(307,781)
Shareholder Distributions	(37,708,093)
Retained earnings	
Prior Year Earnings	58,321,213
Current Year Earnings	(612,625)
Total Retained Earnings	57,708,588
Total Stockholders' Equity	**20,149,527**
	$31,813,070

PRIDESTAFF, INC.
Consolidated Income Statement
(Unaudited)

	Year to Date January 25, 2026
Supplemental Service	16,273,421
Perm. Placement Revenue	513,807
Temp-to-Hire Revenue	74,479
Franchising Fees	10,252
Revenues	16,871,960
Cost of Sales	13,091,927
Gross Profit	3,780,033
Payments to Franchisees	1,883,305
Net Gross Margin	1,896,727
Operating Expenses	1,196,716
Administrative Expenses	1,292,811
	2,489,527
Income before other income(expenses)	(592,800)
Interest Income	11,481
Other Income	(593)
Interest Expense	0
	10,887
Income before provision for income tax	(581,913)
Provision for income tax	(30,712)
Net Income	(612,625)

EXHIBIT C

FRANCHISE AGREEMENT

PRIDESTAFF®

FRANCHISE AGREEMENT

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ATTACHMENTS:

PRIDESTAFF® FRANCHISE AGREEMENT

SECTION 1

PARTIES

This Franchise Agreement (this "**Agreement**") is signed between PrideStaff, Inc. ("**PrideStaff**," "**we**" or "**us**"), a California corporation with its principal office in Fresno, California, and ____ [franchisee's legal name] ("**you**") as of _________, ____ ("**Effective Date**").

SECTION 2

RECITALS

2.1 **Ownership of System**. We have developed a distinctive branded system for operating staffing services businesses. We own certain intellectual property rights, including the trade name and mark, "PRIDESTAFF®." We have spent time, effort, and money to develop business methods, specialized services, brand concepts, trade secrets, advertising materials, marketing strategies, and training techniques for use in PRIDESTAFF® Offices, all of which we may improve, further develop or otherwise modify from time to time.

2.2 **Your Acknowledgments**. You have read this Agreement and our franchise disclosure document. You understand the terms of this Agreement and accept them as being reasonably necessary to maintain the uniformity of our high-quality standards at all PrideStaff Offices in order to protect and preserve the goodwill of the Marks and the integrity of the System. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that the staffing industry is highly competitive, with constantly changing market conditions. You recognize that the nature of PrideStaff Offices may change over time, that an investment in PrideStaff Offices involves business risks and that the success of the venture is largely dependent on your own business abilities, efforts and financial resources.

2.3 **Your Representations**. You represent and warrant to us that: (a) you have not made any untrue statement of any material fact or omitted any material fact in the written information you have submitted in obtaining the rights granted hereunder; (b) neither you nor any of your owners has any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as you have otherwise completely and accurately disclosed in writing to us in connection with obtaining the rights granted hereunder; and (c) the execution and performance of this Agreement will not violate any other agreement to which you or any of your owners may be bound. You recognize that we have executed this Agreement in reliance on all of the statements you and your owners have made in writing in connection with this Agreement.

2.4 **Objectives of Parties**. We are willing to grant to you the right and you are willing to accept from us the obligation to own and operate an Office, using the PRIDESTAFF® marks and system, throughout the term of this Agreement and according to its conditions.

SECTION 3

DEFINITIONS

For purposes of this Agreement, when any of the following words and phrases begins with a capital letter, we define its meaning in this Section 3:

3.1 Accounting Period. "**Accounting Period**" means "the period of approximately one (1) month during which we complete our billing cycle."

3.2 Agreement Year. "**Agreement Year**" means "each twelve-month period commencing on the Effective Date or on an anniversary of the Effective Date."

3.3 Approved Location. "**Approved Location**" means "the location that we have approved in writing as the site at which you may own and operate an Office under the franchise granted by this Agreement."

3.4 Branch Manager. "**Branch Manager**" means "a person who devotes his or her full-time efforts to the on-site operation of the Office, but who is not required to, but may, own any equity interest in you."

3.5 Client. "**Client**" means "a business or other enterprise to which we provide Temporary Staffing Services, Temporary-to-Hire Staffing Services, or Direct Hire Staffing Services through your Office."

3.6 Company-Owned. "**Company-Owned**" means "a territory or business that is owned or operated by us or our affiliates."

3.7 Digital Marketing. "**Digital Marketing**" means "websites, social media accounts (such as Facebook, X, Instagram, LinkedIn, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network."

3.8 Direct Hire Staffing Services. "**Direct Hire Staffing Services**" means "the service of bringing a job candidate and a prospective employer together to achieve a permanent employment relationship."

3.9 Financial Arrangements. The following terms concern the financial arrangements between the parties to this Agreement:

> **3.9.1 Advertising Fee**. "**Advertising Fee**" means "the continuing fee, not to exceed 0.35% of Gross Billings, that we are entitled to charge if and when we set up an advertising fund."
>
> **3.9.2 Authorized Deductions**. "**Authorized Deductions**" means "the total of the deductions that we are authorized by this Agreement to take from Franchisee Share before

forwarding it to you." We may, at our option, bill you for any of the Authorized Deductions rather than deducting them from Franchisee Share. They include:

(a) If we, in our sole discretion, deem any receivables related to the services that you have provided to be uncollectible (if, for example and without limitation, the a receivable has not been collected within 45 or more days of the invoice date, the Client is not responsive or has indicated that it will not pay the owed amounts, the Client is insolvent, has made an assignment for benefit of creditors, or has filed for bankruptcy relief, or any amounts previously collected from a Client are returned or returned to the Client or a related party or trustee), we will deduct sixty-five percent (65%) of such receivables that we deem to be uncollectible, unless we determine, in our reasonable discretion, that such receivables were billed by you in violation of our written credit policies and procedures, in which case we may deduct one-hundred percent (100%) of such receivables that we deem to be uncollectible. For the avoidance of doubt, if any receivables that we deem to be uncollectible are collected, the amounts previously deducted will be credited in your Franchisee Share;

(b) If we incur any collection expenses (including legal fees and collection agency expenses) in attempting to collect or retain any receivables related to the services that you have provided, we will deduct sixty-five percent (65%) of such collection expenses, unless we determine, in our reasonable discretion, that such receivables were billed by you in violation of our written credit policies and procedures, in which case we may deduct one-hundred percent (100%) of such collection expenses;

(c) If we institute an advertising fund, on or before the fifteenth (15th) day of each Accounting Period, your Advertising Fee for the preceding Accounting Period;

(d) Software license fees under the software license agreements in Attachment 4 to this Agreement;

(e) If we undercharge workers' compensation premium because of your misclassification of Temporary Associate work, one hundred percent (100%) of the undercharged amount, and, if applicable, any penalties and interest that we are assessed because of the misclassification;

(f) Your share of any Client or Temporary Associate claims, as described in Section 7.10.4 of this Agreement;

(g) Payment for goods and services we have sold you and reimbursement for amounts we have advanced to designated vendors on your behalf, including purchases of computer equipment, marketing materials, promotional items, online marketing expenses and other business items and services;

(h) Interest on any payment that we do not receive from you when due;

(i) Any costs we incur related to enforcing any terms of this Agreement (as specified in Section 11.10 of this Agreement) or any damages that we incur related to the early termination of this Agreement (as specified in Section 10.3(i) of this Agreement); and

(j) Any other amounts you owe us.

3.9.3 Conversion Fee. "**Conversion Fee**" means "the fee charged to Clients for permanently employing, in a permanent employment role, a Temporary Associate during or within six (6) months after the Temporary Associate's assignment with the permanent Client."

3.9.4 Direct Hire Placement Fee. "**Direct Hire Placement Fee**" means "the fee charged to Clients for providing Direct Hire Staffing Services."

3.9.5 Events. "**Events**" means franchisee conferences, meetings, and teleconferences that we may organize from time to time.

3.9.6 Gross Billings. "**Gross Billings**" means "(a) for Temporary Staffing Services, all amounts, except bona fide refunds and adjustments, accrued directly or indirectly, from or in connection with any services, consultation, assistance or sales, provided by, for or on behalf of your Office or in connection with our Marks, regardless of who provides the services, consultation, assistance or sales, where they are provided or to whom they are provided, and (b) for Direct Hire Staffing Services, all amounts, except bona fide refunds and adjustments, actually received, directly or indirectly, from or in connection with any services, consultation, assistance or sales provided by, for or on behalf of your Office or in connection with our Marks, regardless of who provides the services, consultation, assistance or sales, where they are provided or to whom they are provided."

3.9.7 Gross Margin. "**Gross Margin**" means "the Net Billings of your Office minus Temporary Associate Expenses."

3.9.8 Net Billings. "**Net Billings**" means "Gross Billings minus adjustments, if any, that we have made, in our sole discretion, to correct billing errors or quality issues."

3.9.9 Franchisee Share. "**Franchisee Share**" means "Gross Margin minus the Franchisor Share," which for Temporary Staffing Services is typically 65% of Gross Margin and for Direct Hire Staffing Services and Temporary-to-Hire Staffing Services is 79% of Direct Hire Placement Fees and Conversion Fees."

3.9.10 Franchisor Share. "**Franchisor Share**" means "a continuing fee equal to (a) the greater of (i) thirty-five percent (35%) of Gross Margin or (ii) six percent (6%) of Net Billings plus (b) twenty-one percent (21%) of Direct Hire Placement Fees and Conversion Fees."

3.9.11 Temporary Associate Expenses. "**Temporary Associate Expenses**" means "all wages, employer payroll taxes, bonuses and fringe benefits paid to Temporary Associates, including holiday pay, sick leave, travel allowances, and other direct employee benefits, workers' compensation insurance premiums and costs, unemployment claims management, other payments that we must make to federal, state and local government agencies as the employer of the Temporary Associates, any additional expenses (such as costs relating to drug testing, credit checks, training programs required by the Client, and background investigations) incurred under contracts with Clients, sales tax on services, if any, expenses related to training required by us or applicable law, and all insurance payments expressly relating to the Temporary Associates, including but not limited to liability insurance, fidelity bonding, errors and omissions coverage and insurance policy deductibles."

3.10 Franchise Network. "**Franchise Network**" means "the interdependent network composed of us, all Franchisees, our Related Parties, and any other people or entities that we have licensed to use our Marks."

3.11 Franchisee. "**Franchisee**" means "a third-party franchisee that we have licensed to operate a franchised Office."

3.12 Force Majeure. Solely for purposes of Section 4.6(b), "**Force Majeure**" means "any failure or delay in meeting any Minimum Performance Standard when and to the extent such failure or delay is caused by or results from acts beyond your reasonable control, including: (a) acts of God; (b) flood, fire, earthquake, or explosion; (c) war, invasion, terrorist threats or acts, riot or other civil unrest; (d) government order, law, or actions (e) national or regional emergency; and (f) other similar events beyond your reasonable control."

3.13 Good Standing. "**Good Standing**" means "your timely compliance and that of your Related Parties with all provisions of this Agreement and the Manuals, specifically including provisions for timely payment of money you owe to us."

3.14 Initial Training Program. "**Initial Training Program**" means "an initial training program in the operation of the Office under the PRIDESTAFF® System."

3.15 Majority Owner. "**Majority Owner**" means "you or, if you are a corporation, limited liability company or partnership, the person with the controlling interest in you."

3.16 Manuals. "**Manuals**" is defined in Section 5.5 hereof.

3.17 Marks. "**Marks**" means "the PRIDESTAFF® mark and other trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols we authorize you to use under this Agreement from time to time, which may include, among others, PRIDESTAFF FINANCIAL® and G.A. ROGERS & ASSOCIATES®.

3.18 National Account Agreement. "**National Account Agreement**" means an agreement between us or our affiliates and a National Account Client for the Franchisee Network to provide Staffing Services to multiple locations associated with such National Account Client."

3.19 National Account Client. "**National Account Client**" means "any Client that (a) conducts its business in more than one Company-Owned, Franchisee-owned, or unassigned territory and (b) enters into a National Account Agreement with us or our affiliates."

3.20 National Account Program. "**National Account Program**" means "a program in which we or our affiliates (a) market services to prospective National Account Clients, (b) enter into agreements with National Account Clients to provide them with centralized and uniform billing, fees, and support, and (c) arrange for the Franchisee Network to provide services to such National Account Clients."

3.21 Office. "**Office**" means "a business that we conduct, our affiliate conducts, or we have authorized a Franchisee to conduct to perform Temporary Staffing Services under the PRIDESTAFF® Marks and System." It does not mean an RX Relief or Insurance Relief business.

3.22 Proprietary Product. "**Proprietary Product**" means "any product manufactured according to our specifications or packaged or labeled with our Marks."

3.23 Related Party. "**Related Party**" or "**Related Parties**" means "people and companies associated with us or you, as the context suggests, including spouses working in the Office, general partners, limited partners, shareholders, companies under common control with us or you, officers and directors."

3.24 Required Trainees. "**Required Trainees**" means "the Majority Owner, the Branch Manager (if any), the business development manager, the staffing consultant, and any other individuals we designate."

3.25 Staffing Services. "**Staffing Services"** means "Direct Hire Staffing Services, Temporary Staffing Services, and/or Temporary-to-Hire Staffing Services."

3.26 System. "**System**" means "the intellectual property we license to you under this Agreement, including the right to use our business methods, specialized services, brand concepts, trade secrets, advertising materials, marketing strategies, and training techniques."

3.27 Temporary Associates. "**Temporary Associates**" means "the personnel we employ and you furnish to Clients to perform, on a temporary or outsourced basis, administrative services, office services, light industrial, or other jobs or other services that we have authorized you to provide under this Agreement."

3.28 Temporary-to-Hire Staffing Services. "**Temporary-to-Hire Staffing Services**" means "assigning Temporary Associates to a Client, for compensation, to provide Temporary Staffing Services with the understanding that after an agreed upon period, the Client may convert the Temporary Associate to the Client payrolls."

3.29 Temporary Staffing Services. "**Temporary Staffing Services**" means "assigning Temporary Associates to a Client, for compensation, to temporarily replace, assist or supplement the Client's own employees."

3.30 Termination. "**Termination**" means "expiration of this Agreement, non-renewal of this Agreement, or termination of this Agreement before its normal expiration date."

3.31 Territory. "**Territory**" means "the geographic area identified in Attachment 1 to this Agreement."

3.32 Transfer. Except as described in Section 9.5 of this Agreement, "**Transfer**" means "the direct or indirect sale, assignment, exchange, pledge, collateral assignment, grant of a security interest, or other encumbrance in or on, or other disposition, whether voluntary, involuntary, by operation of law or otherwise, of this Agreement, any form of legal or beneficial ownership interest in you, or any one or more other acts or events not covered by the foregoing that we reasonably determine to be a form of direct or indirect transfer, including: (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, a membership interest in, or a partnership interest in you; (2) any merger or consolidation between you and another entity, (3) any transfer in connection with or as a result of a divorce, dissolution of marriage or similar proceeding or a property settlement or legal separation agreement in connection therewith, an insolvency, bankruptcy or assignment for benefit of creditors, a corporate, limited liability company or partnership dissolution or otherwise by operation of law; or (4) any transfer by gift, declaration of trust, transfer in trust, revocation of trust, trustee succession, trust termination, discretionary or mandatory trust distribution, occurrence of any event (e.g., death of a person) that affects or ripens the rights of contingent beneficiaries, exercise of a power of appointment, exercise of a withdrawal right, adjudication of any Majority Owner as legally disabled, or upon, or after, the death of any of your Majority Owners by will or the laws of intestate succession or otherwise."

3.33 You. "**You**" means "the person or company that is named as 'you' in Section 1 of this Agreement." "**You**" means, in addition, "all people or entities that succeed to your interest by Transfer or operation of law."

SECTION 4

FRANCHISED RIGHTS

4.1 Grant of Rights. We grant to you the right, and you assume the obligation, to own and operate one or more Offices at Approved Locations identified in Attachment 2 within the Territory in accordance with the terms and conditions in this Agreement. During the term of this Agreement, we will not establish any other Offices located within the Territory, except as otherwise provided herein. During the term of this Agreement and subject to you being in Good Standing, we agree not to authorize any other Office to directly solicit or perform Staffing Services to Clients or prospective Clients for locations within the Territory, except as otherwise provided herein. You may not expand the number of Offices in your Territory without our approval, and your Offices may be operated only at Approved Locations authorized pursuant to Attachment 2.

4.2 Operation Outside Territory. You may not directly solicit, nor perform, Staffing Services to Clients or prospective Clients for locations outside of your Territory without our prior written consent, which we may withhold, condition or withdraw for any reason or no reason. If we withdraw our consent, for whatever reason, you agree to immediately (a) discontinue to solicit and perform such Staffing Services outside your Territory in accordance with our directions and (b) take all steps necessary to transfer such business to us or another Franchisee that we designate. You will not be entitled to any compensation for any business that we require you to discontinue or transfer to us or another Franchisee. Any failure to follow our discontinuance directions constitutes a material default under this Agreement. You will not have any rights, including options or rights of first refusal, to any areas outside of your Territory, even if you have been soliciting or performing such Staffing Services in such area.

4.3 Reserved Rights.

4.3.1 Distribution Channels and Marketing. We reserve the right to use any method of distribution, such as telemarketing, Digital Marketing, catalog sales or internet sales, to make sales to Clients within or outside of the Territory. We reserve the exclusive right to conduct and control Digital Marketing related to the Office, the Marks, or the System.

4.3.2 National Account Clients. We reserve the right to enter into a National Account Agreement with any Client that conducts business in more than one Company-Owned, Franchisee-owned, or unassigned territory, in which case we will designate them as a "**National Account Client**." We reserve the right to manage and control the relationship with any National Account Client and to directly solicit and perform (or authorize others to perform) Staffing Services for National Account Clients at locations within your Territory.

4.3.3 All Other Rights. We reserve all other rights not expressly granted to you in this Agreement, including but not limited to the rights:

(a) to establish Offices anywhere outside your Territory, regardless of how close the Offices are to your Office;

(b) to establish or franchise personnel services businesses or specialized staffing services businesses within your Territory, as long as they do not provide such services under the Marks; and

(c) to purchase, merge, acquire or be acquired by an existing personnel service or any other business, and to operate, franchise or license these businesses within and outside the Territory operating under other marks following the purchase, merger, acquisition or affiliation.

4.4 Relocation. You may relocate your Office to a new Approved Location only with our prior written consent. As of the date hereof, we will grant such consent only if the following conditions are fulfilled:

(a) You and your Related Parties are in Good Standing under this Agreement, any other agreement between us and you, and the Manuals,

(b) You agree to plan, construct, equip, and furnish your new Approved Location so that the premises meet the standards of appearance and function applicable to the premises of new PRIDESTAFF® Offices at the time you relocate,

(c) We have given our prior written approval to the new site and the provisions of the lease for the new premises; and

(d) You notify us at least ninety (90) days prior to your proposed relocation date.

4.5 Term and Renewal.

4.5.1 Initial Term. The initial term of the franchise will begin on the Effective Date and will continue until the fifth anniversary of the Effective Date.

4.5.2 Renewal. You will have the right to renew the franchise on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal if at the time of renewal the following conditions have been fulfilled:

(a) You and your Related Parties are in Good Standing under this Agreement, any other agreement between us and you, and the Manuals,

(b) You and any Related Parties who have signed this Agreement have signed the new franchise agreement not less than one hundred eighty (180) days before the expiration of this Agreement or thirty (30) days after you receive the new franchise agreement from us, whichever is later,

(c) You have agreed that you will, before the renewal term begins, at your own expense, replace and upgrade the fixtures, equipment, and signs used in the Office so that the premises of the Office meet the standards of appearance and function applicable to the premises of a new PRIDESTAFF® Office at the time of renewal,

(d) If at any time during the term you fail to meet the Minimum Performance Standards, then you must, before the renewal term begins, hire a business development manager (also known as the outside sales representative) on a full-time basis,

(e) You and any Related Parties have signed a special release of claims, against us, our subsidiaries, affiliates, successors and assigns and their respective officers, directors, shareholders, partners, agents, representatives, and employees, in their corporate and individual capacities, including without limitations, claims arising under this Agreement and federal, state and local laws, rules and ordinances with us in the form of Attachment 3 to this Agreement. Claims under your state's franchise laws are non-waivable statutory claims, and

(f) The Required Trainees must attend and satisfactorily complete any retraining and refresher training programs that we specify at the time and place we designate. We do not assess a charge for renewal training. However, the cost and expense of transportation, lodging, meals and incidental expenses during this training for all personnel will be your responsibility.

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this Agreement's provisions. Changed provisions may include (without limitation), (i) an increase in Franchisor Share and in advertising fund contributions and new methods of computing the same, (ii) reduction or other change to the Territory, and (ii) increase in the Minimum Performance Standards. We shall have the right to extend the term of this

Agreement by such period as is necessary to comply with the legal requirements or for other reasons deemed appropriate by us.

4.6 Minimum Performance Standard. Maintenance of your right to operate your Office is dependent upon your meeting an annual "Minimum Performance Standard" or "MPS."

(a) Within sixty (60) days after the end of each Agreement Year, we will determine the Gross Margin of your Office derived from Temporary Staffing Services for such Agreement Year. To maintain your right to operate your franchised Office, this amount must equal or exceed the Minimum Performance Standard for such year stated in Attachment 9 (which we do not, directly or indirectly, represent that you can achieve).

(b) Subject to the provisions of subsections (c) and (d) below, your failure to meet any Minimum Performance Standard for any given Agreement Year constitutes a material breach of this Agreement conferring on us all rights and remedies under this Agreement and applicable law (including the right to recover damages), provided such failure was not caused solely and exclusively by Force Majeure or a material breach of this Agreement by us.

(c) If your breach under subsection (b) is your first and only failure to meet an MPS, we may at our discretion offer you a Performance Improvement Plan ("**PIP**"). If you (i) accept the terms of the PIP in writing, and (ii) sign a general release (in form and substance satisfactory to us), your completion of the PIP to our satisfaction on a timely basis will constitute a cure of the breach.

(d) If you fail to complete a PIP under subsection (c) to our satisfaction, or if you fail to meet the Minimum Performance Standard in any year.

(e) (including, for the avoidance of doubt, the circumstances that a PIP was entered into and you failed to complete the PIP to our satisfaction), we will have the following rights and remedies: (i) we may terminate this Agreement immediately in accordance with section 10.2.2(a), (ii) we may offer you an amendment to this Agreement to reduce your Territory to a size we deem appropriate, and provided you duly execute such amendment and sign a release (in form and substance satisfactory to us), the breach of section (b) will be waived, or (iii) we may offer to defer our right to immediate termination under subsection (i) above, for a period of ninety (90) days (or such longer period of time we deem appropriate) in order to provide you an opportunity to resell your franchise to an independent third party in accordance with Section 9, provided you agree in writing to exert your best efforts to do so and sign a general release (in form and substance satisfactory to us). If you so complete the resale to a buyer satisfactory to us in accordance with Section 9, your breach of subsection (b) will be waived. If you fail to sign the extension agreement or release under subsection (iii), above, fail to exert your best efforts to resell your franchise or fail to timely resell your franchise to a buyer satisfactory to us in accordance with section 9, we have the right to terminate this Agreement immediately in accordance with section 10.2.2(a) for your breach under subsection (b).

SECTION 5

OUR SERVICES

We will perform the following services for you at times and places we select as long as you are in Good Standing:

5.1 **Site Selection Guidelines**. We will give you written guidelines for locating a site and securing a lease that meet our current criteria and standards and will give you general demographic information about a location that you are considering. However, you are solely responsible for site selection and lease negotiations. You must (a) submit to us any information we request about a site, including photographs of the proposed site and a proposed site plan, and (b) obtain our written approval of a site and the proposed lease for the site before you execute a lease for such site. **Neither our guidelines for selecting a site nor our approval of your proposed site and lease constitutes a guaranty that your Office will be successful at that location.**

5.2 **Construction and Furnishings**. We will provide you with prototype or sample plans and specifications for one or more existing offices, offering guidance for constructing tenant improvements, as well as furnishing and equipping your space. At your own expense, you must customize the plans and specifications we provide for your individual needs and then submit the tailored plans and specifications to us for written approval.

5.3 **Initial Training Program**. Before the opening of your Office, we will provide you with an Initial Training Program. We, in our sole discretion, will specify the timing, duration, and location of such program, which may be provided in-person in our offices or a certified training office that we designate and/or remotely via recorded media, teleconference, videoconference, the Internet, webinar, or any other means.

5.4 **Opening Assistance**. During the week that you open, we will send one or more representatives to guide and assist you with respect to the management, operation and sales efforts of your Office.

5.5 **Manuals**. We will make available to you on loan our confidential manuals, which include information about our System, standards, policies guidelines, and procedures relating to the operation of Offices (collectively called the "**Manuals**") that you may use during the term of this Agreement. Currently, much of this information is posted on our web-based facility, known as "**The Portal**," which is considered to be part of the Manuals.

You agree to comply fully with all mandatory standards and procedures and other obligations contained in the Manuals. We may modify the Manuals from time to time to reflect changes in standards and procedures, provided no addition or modification may alter your fundamental status and rights under this Agreement. You must keep current with the Manuals. If a dispute develops relating to the contents of any of the Manuals, our master copy will be controlling. The Manual contains Confidential Information, and you agree not to copy any part of the Manual or allow unauthorized persons access to our online resources, including The Portal or a similar or successor site we establish.

The Manuals consist of information for the development, establishment and operation of a PrideStaff Office, including mandatory or suggested standards and operating procedures, whether such information is communicated in hard copy or electronically as supplemented and amended from time to time.

5.6 **Marketing Sales and Recruiting**. We will provide you with an initial supply of marketing, sales and recruiting materials, including a sales tool kit, a framed mission statement, OSHA and other federal and state required posters, a portfolio, business cards, letterhead, envelopes, forms and other printed materials.

5.7 **Suggested and Designated Suppliers**. We will give you, in the Manual or otherwise in writing, names of suggested and designated suppliers of specified goods and services that you must use in your Office. In designating a particular supplier, **we expressly disclaim any warranties or representations as to the condition of the goods or services sold by the suppliers, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose.** You agree to look solely to the manufacturer or supplier for the remedy of any defect in the goods or services.

5.8 **Consultation**. Throughout the term of this Agreement, we will consult with you, in our reasonable discretion, in person or by telephone, videoconference, or email on all aspects of your business for no additional charge. We will visit your Office multiple times in the first year (including the opening assistance under Section 5.4), except if this Agreement is signed in connection with the renewal of a franchise agreement. Otherwise, we conduct visits as we deem necessary.

5.9 **Conferences, Meetings, and Events**. Your Required Trainees and any other individuals that we designate must attend Events that we may require periodically in the Manuals or otherwise in writing. We, in our sole discretion, will designate the time and place of any Events, which may be held in-person or remotely via teleconference or web seminar. We will be responsible for arranging Events and providing meeting materials. You are responsible for arranging and paying for travel and living expenses that you and/or your representatives incur. We may require you to pay us a reasonable registration fee for you and each of your representatives, which will not exceed $2,000 per attendee per program. If you or any of your representatives fail to attend any Events that we require you and/or they to attend, regardless of the reason for the absence, you must pay us the registration fee that each absent required attendee would have incurred plus $500 for each absent required attendee, unless we have previously excused them in writing in our sole discretion.

5.10 **Employment of Temporary Associates**. We will employ the Temporary Associates you recruit and hire on our behalf pursuant to Section 7.3 and you furnish to Clients. You may not hire Temporary Associates on your own behalf or on behalf of anyone else, and you may not enter into any agreements with third parties to provide our Temporary Associates to a Client through your Office. We will determine the compensation of Temporary Associates, in consultation with you, and have the right to make all employment decisions with respect to them. We will pay all of the Temporary Associate Expenses and prepare and file all necessary payroll tax reports regarding the Temporary Associates. You must promptly provide us with any information we request, in the manner and form we specify, to enable us to perform these tasks.

5.11 Client Relations, Billings and Collections.

5.11.1 Client Relations. You acknowledge and agree that your marketing and solicitation of Clients is on our behalf and all Client relationships are ours. All contracts and other arrangements with Clients for all Staffing Services provided by your Office are entered into by us or by you on our behalf. We may determine, in our sole discretion, the payment and other agreement terms offered to Clients and the amount of credit extended to Clients, and we will bear no liability to you whatsoever, for any consequences of such decisions. All accounts receivable and other rights to compensation or other payments (including Conversion Fees) from Clients belong to us.

5.11.2 Collections and Refunds. We will use reasonable best efforts to collect payments from Clients, but bear no liability to you, whatsoever, for any failure to collect payments. We have the right, in our sole discretion, to decide what collection efforts are reasonable in each situation and to collect from you in accordance with Section 3.8.2(b) of this Agreement your share of any collection expenses we incur to collect or retain payments from Clients. We are not obligated to take legal action against any Client, unless we believe it is merited and cost-effective. We do not guarantee that any receivable amount will be collected. If we collect any amounts from Clients, we have the right, in our sole discretion, to refund or return any such amounts to the Client or a related party or trustee and to be reimbursed by you for your share of such returned amount, which shall be deemed to be uncollectible, in accordance with Section 3.8.2(a) of this Agreement.

5.12 Payment of Franchisee Share. We will pay Franchisee Share, as defined in Section 3.8.8 of this Agreement, plus (x) any amounts that were previously deducted from Franchisee Share as uncollectible that are subsequently collected and minus (y) any Authorized Deductions, to you within fifteen (15) days after the end of each Accounting Period. We will give you periodic statements showing our application of the amounts received from your Clients.

5.13 National Account Program. We may, in our sole discretion, institute and administer a National Account Program, operated according to written procedures in the Manuals, as revised from time to time, to enable the Franchise Network to accommodate the needs of National Account Clients.

5.14 Advertising. If we set up an advertising fund, we will administer it and account for it separately on our general ledger. The purpose of any fund will be to pool our advertising money and that of our Franchisees so as to promote the Marks. We may use the fund to pay for market research, test programs, advertising materials, media space and time for a national or regional advertising program, a referral program, National Account Program and public relations activities. The fund may also be used for advertising grants to Franchisees, collectively or individually. We may use up to fifteen percent (15%) of fund money to compensate ourselves for overhead and other expenses incurred in connection with our administration of the fund. In addition, we may use the fund to compensate our marketing personnel in proportion to the time they allocate exclusively and expressly to the purposes of the advertising fund.

We will distribute to our Franchisees, upon request, an annual advertising fund report that will state the total amounts of money collected and spent by the fund during the past year and list, by general category, the manner in which we spent the money. We undertake no obligation in administering any fund to make expenditures for you which are equivalent or proportionate to your contribution.

We reserve the unqualified right to decide, in our sole discretion, where, when and how advertising fund money will be spent. We maintain the right to terminate any fund at any time. The fund shall not be terminated, however, until all monies in the fund have been expended for marketing/advertising and promotional purposes.

SECTION 6

PAYMENTS AND DEDUCTIONS

6.1 Initial Franchise Fee. If this Agreement is for a new franchise, when you sign this Agreement, you will pay us a standard franchise fee equal to $40,000 (provided, this fee will be reduced to $20,000 for a qualified military veteran who owns at least 51% of the ownership interests in you and plays an active role in the operation of the Office). The initial franchise fee must be paid in immediately available funds and is not refundable under any circumstances.

6.2 Authorized Deductions. Authorized Deductions, as defined in Section 3 of this Agreement, may, at our option, be deducted from Franchisee Share, invoiced to you separately or applied against any other money we receive from you or for your account.

6.3 Audit. We have the right to audit your books and records, including your computer data and tax returns, with respect to the Office during normal working hours with no advance notice. If we performed the audit because you did not provide required financial reports or employee records at the times and in the format specified in the Manuals or if the audit discloses an understatement of Net Billings of three percent (3%) or more, you must reimburse us for our expenses for the audit, including reasonable travel expenses and compensation paid to the auditor, within ten (10) days after invoice. If you do not produce all required records at the audit, any discrepancy will be construed against you.

6.4 Application of Payments. We may apply any payment you make to us, at our option, to any past due debt you owe us regardless of how you say the payment should be applied. We do not have to accept payments after they are due or extend credit or otherwise finance your operations, except as specifically provided in this Agreement. If you do not pay all amounts when due, we may suspend our services and support until you cure the failure. If you do not make the payment within any applicable cure period, we have good cause to terminate this Agreement.

6.5 Supplemental Services and Related Fees. You acknowledge and agree that your Office will accept and participate in all of the mandatory services, and may elect to accept and participate in some or all of the optional services, provided or made available by us to PrideStaff Offices, and you shall pay all fees and charges for such services in which you participate. We shall have the right periodically to (a) modify mandatory services and related fees and charges; (b) add new, or discontinue existing services; or (c) make any mandatory service optional or make any optional service mandatory; provided, however, in conjunction with any service being designated mandatory, such service shall be implemented at all, or substantially all, franchised

PrideStaff Offices located in the U.S. Fees and charges shall be determined on the same basis for all franchised PrideStaff Offices that are participating in the service and may include: (a) overhead costs allocable to providing such service, including compensation of personnel directly involved in providing such services; (b) recovery of development costs for such service; (c) costs of tangible and intangible property employed in providing such service; and (d) costs of operating, maintaining and upgrading such service. You must pay such other fees and amounts set forth in this Agreement. All fees and charges that are expressly stated to be standard fees or subject to change may be changed on thirty (30) days' notice.

SECTION 7

YOUR OBLIGATIONS

7.1 Use of Marks.

7.1.1 Context. You may use the Marks only in the operation of a PRIDESTAFF® Office at an Approved Location and your right to use the Trade Name and Marks is derived solely from this Agreement and in compliance with all System standards we prescribe from time to time. You may not use any other trade name or marks in connection with your Office. If you are an entity, you must be a single purpose entity dedicated only to the operations of your business hereunder. You must sign an Assignment of Telephone Numbers, Email Addresses, Social Media Accounts, and URL's, in the form of Attachment 5 to this Agreement, when you sign this Agreement. You agree not to use any Marks as (a) part of any corporate or legal business name, (b) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), (c) in connection with the performance or sale of any unauthorized services or products, (d) as part of the domain name or other electronic address of any website or similar medium, or (e) in any other manner we have not expressly authorized in writing. You further agree not to use any Marks in any advertising concerning the transfer, sale or other disposition of the franchise or Office or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the Office and on forms and sales, advertising and public relations materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

7.1.2 Changes in the Marks. We have the right in our sole discretion to change the Marks and their specifications. You must promptly conform, at your own expense, to any such changes, and we shall have no liability to you for any such change.

7.1.3 Advertising By You.

(a) **Advertising Methods and Materials.** All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising and comply with any applicable laws and regulations. You must submit to us copies of all promotional and advertising materials that you propose to use at least two (2) weeks before the proof approval deadline. We will review the materials within a reasonable time and will promptly notify you whether we approve or reject them. Even if we approve specified materials, we may later withdraw our approval if we believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising. You may not use any materials that we have disapproved.

(b) **Digital Marketing.** Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Office or the PrideStaff network, including by operating your own website. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit you or your employees to conduct any Digital Marketing, we will have the right to retain full control over and ownership of all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

7.1.4 Legal Protection. You agree to notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System. You must promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, we may select legal counsel and have the right to control the proceedings. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceedings or otherwise to protect and maintain our interests in the Marks.

7.2 Quality Assurance.

7.2.1 Approved Location and Lease Negotiation. You must, on your own initiative and at your own expense, locate, lease or buy and occupy the Approved Location for your Office, which must be at a central location within your Territory that is not a zip code that is on the border of your Territory. When you locate a proposed location, we will review it and decide if it is suitable, from our point of view. You must obtain our written approval of the location and proposed lease before you sign the lease. We will not withhold our approval unreasonably. We will approve or disapprove your proposed location within fourteen (14) days after you present the information described in this Section 7.2.1 to us.

To seek our approval of a location, you must advise us in writing of the street address of the proposed location and provide any additional information we request. We will base our approval of the location on general guidelines for suitable franchise premises that will be given to you in writing.

To seek our approval of the lease for the premises of the Office, you must give us a copy of the proposed lease or a lease summary. The terms of the lease must, in our reasonable opinion, not be so burdensome as to impair the operation of the Office under this Agreement, and incorporate the terms described in the Lease Provisions listed in Attachment 6 to this Agreement. You, in consultation with your professional advisors, must evaluate the lease on your own behalf.

The Office must be maintained in a safe, orderly, and clean state, presenting a businesslike appearance, and you must keep it properly staffed, furnished and identified. The Office must be open for business at a minimum from 8 A.M. to 5 P.M. Monday through Friday of each week, except for certain national holidays we may designate from time to time. You acknowledge and agree that (a) no other services other than those authorized by this Agreement may be offered or conducted from your Office; and (b) the Office must be located in a place suitable for interviewing associates and candidates and for meeting the general public and customers.

7.2.2 Training.

(a) **Initial Training Program**. Your Required Trainees must attend all phases of the Initial Training Program and successfully complete it to our satisfaction, as certified by us in writing, within 90 days of the Effective Date. Failure of your Required Trainees to successfully complete any aspect of the Initial Training Program, as we determine in our sole discretion, constitutes grounds for immediate termination of this Agreement. However, we have the right to offer you one or more remedial courses of action, such as additional training or employment of supplemental personnel, if we believe the alternative or alternatives may make it unnecessary for us to terminate your franchise. If you do not accept the alternative course of action within the time we allow, we may terminate this Agreement, effective immediately. If we determine, in our sole discretion, that any of your Required Trainees are not able to successfully complete the Initial Training Program to our satisfaction, you must pay for such additional training that we deem necessary to properly train such individuals or a replacement trainee or, at our option, pay for such additional training that we deem necessary to train such individuals. Any subsequent Required Trainees must attend and successfully complete the Initial Training Program.

(b) **Additional Training.** We may periodically conduct mandatory or optional training programs for your Required Trainees and other individuals at our office or another location that we designate. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. We may require your Required Trainees or other designated individuals to satisfactorily complete any additional training programs that we specify, including refresher or advanced training or certification programs.

(c) **Training by You**. You are responsible for training all of your other employees in accordance with our standards and training programs. We will provide you with access to training programs and materials that meet our minimum standards. You must ensure that any of your employees that are responsible for marketing Staffing Services to Clients or for recruiting applicants and placing them with Clients successfully complete any initial or additional training programs or obtain any certifications that we require, in accordance with our standards.

(d) **Costs and Expenses**. We will furnish the Initial Training Program at no additional charge to your Required Trainees and any other of your representatives that we permit to attend the program. We reserve the right to charge up to $1,000 per attendee per program for any subsequent trainees that attend the Initial Training Program and for any representatives that attend additional training programs. You are responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by you and your trainees related to any training program that we provide.

7.2.3 Site Development. At your own expense, you must finance, plan, construct, equip and furnish your Office according to our currently effective standards, as described in the Manuals. You must submit all construction plans and designs to us for our prior written approval, which will not be unreasonably withheld. You must keep us fully informed about the progress of the construction and development of your Office premises.

7.2.4 Opening and Opening Deadline. You must open your Office within 120 days of the Effective Date (the "**Opening Deadline**"), unless we, in our sole discretion, grant you an extension to the Opening Deadline in writing. You may not open the Office to the public until we authorize you in writing to begin operation. **By authorizing you to open the Office, we do not guarantee that your Office will be successful.** Success is dependent on many factors that are not within our control.

7.2.5 Compliance with Manuals. You must operate the Office in total compliance with the standards and specifications stated in the Manuals. We may make changes in our standards and specifications, in our discretion. Such changes may require the purchase of equipment, supplies, furnishings or other goods, completion of additional training by your employees, or other cost to you. You must promptly conform to the modified standards and specifications at your own expense. If there is any dispute as to the requirements of the Manuals at any point in time, the terms of our master copies of the Manuals posted on The Portal will control. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals.

7.2.6 Client Services. You agree to exert your best efforts to obtain and maintain Clients in accordance with this Agreement. You must use and sell all services, and only the services, that we have authorized you to use or provide. We have the right to change the authorized services in any manner that is consistent with this Agreement. You may not offer Temporary Staffing Services or Temporary-to-Hire Staffing Services of personnel whom we do not employ. You may offer staffing services relating only to the types of industries and jobs we have authorized, as outlined in our Manuals.

7.2.7 PSF Program. If you meet our eligibility standards, you may add the PRIDESTAFF FINANCIAL® program to provide Temporary Staffing Services, Temporary-to-Hire Staffing Services and Direct Hire Staffing Services of accounting and financial services personnel under the brand name of PRIDESTAFF FINANCIAL®

("**PSF**"). Our current eligibility standards, which we may modify from time to time currently include, without limitation:

(a) You employ a sufficient number of properly trained and qualified employees in appropriate roles to operate your existing Office according to our standards;

(b) You agree to employ at least one full-time PSF specialist (a "**PSF Specialist**"), in addition to your existing staff, for the PSF program; and

(c) You and your PSF Specialist successfully complete our then-current PSF training program.

(d) If you have been operating your Office when you join the program:

(i) You and your Related Parties are in compliance with all provisions of this Agreement, any other agreement between us and you, and the Manuals;

(ii) Your PRIDESTAFF® Office is financially sound and you have, in addition to the funds needed to maintain your existing operation, at least Fifty Thousand Dollars ($50,000) dedicated solely to the development of the PSF program; and

(iii) Your PRIDESTAFF® Office has a healthy, stable mix of Clients and business types.

We may terminate your right to participate in the PSF program if you are not in good standing under the Franchise Agreement, including the Minimum Performance Standards stated for the PSF program.

7.2.8 G.A. Rogers & Associates. If you are an existing Franchisee that has been offering Direct Hire Staffing Services of professional, managerial, and executive level positions under the brand G.A. Rogers & Associates® ("**GAR**") and are entering into a successor term or you are acquiring your Office from such an existing Franchisee, we will allow you to continue to use the GAR brand, as long as you continue to be eligible to participate in the program in accordance with any requirements specified in the Manuals, which we may modify from time to time. We may terminate your right to use the GAR brand and participate in the GAR program for any reason upon written notice to you.

7.2.9 Unsafe Environments. We retain the absolute right, in our sole discretion, to withhold or withdraw approval of any temporary job placement in any industry category or for any Client because of liability, risk or cost considerations. If any Client poses such risks (e.g., an unsafe work environment or frequent or severe workers compensation claims), we may, at any time, require you to stop providing service to that Client.

7.2.10 Client Satisfaction Program. You must maintain a high Net Promoter Score, which we will determine by conducting periodic surveys of the Clients serviced and employees hired through your Office. If your score indicates that your performance does not meet our then-current standards, as described in the Manuals, or if we receive unusual numbers of Client complaints about your Office, or if you do not meet our written standards for ensuring client satisfaction, we may, in addition to any other rights and remedies hereunder, suggest ways in which you can improve your performance. You must take immediate, effective steps to bring your operation up to our standards.

7.2.11 **Maintenance and Upgrades**. You agree to keep your Office premises, equipment, signage, fixtures, and furnishings clean and in excellent repair. Periodically, we will ask you to upgrade the equipment, signage, fixtures, and furnishings to meet our currently effective standards. You must promptly comply with any such request at your own expense.

7.2.12 **Professional Conduct and Best Efforts**. In all your dealings with us, Clients, Temporary Associates, direct hire candidates, your employees, your suppliers and others, you must adhere to the highest possible standards of professional conduct, honesty, integrity, courtesy, ethical behavior, dependability, good faith and fair dealing. You must diligently and continuously exert your best efforts to promote and enhance the Office to produce the maximum volume of sales in the manner required by this Agreement. You may not engage in any conduct that, in our reasonable opinion, may injure the goodwill associated with the Trade Name and Marks. You must do everything you can to promote and maintain the excellent reputation of the Franchise Network. You must advertise, recruit, screen, test, interview, indoctrinate and dispatch all associates in conformity with all applicable laws and the standards we establish (without regard to race, color, religion, sex, national origin, age, physical handicap) and, subject to our approval, hire all Temporary Associates and Direct Hire candidates on our behalf. We will provide information with regard to the hourly rates. You charge to federal, state and local customers solely for the purpose of ensuring compliance with statutes, ordinances and regulations and individual solicitation. A breach of this provision constitutes a material breach of this Agreement.

7.2.13 **Inspections and Investigations**. We may conduct periodic quality assurance inspections and investigations of the Office during normal business hours without prior notice. During these inspections and investigations, we have the right to view all areas of the premises, observe and videotape the operations of the Office, interview your personnel and Clients and inspect and copy any books, records, documents and computer data relating to the Office. You must cooperate with our representatives during inspections. You must promptly correct any deficiencies in your operation of which we advise you. If you do not take immediate, effective steps to bring your operation up to our standards, your failure to do so will be a material breach of this Agreement.

7.2.14 **Notification of Complaints**. You must notify us promptly if you are served with a complaint in any legal or administrative proceeding that is in any way related to the Office or if you become aware that you are the subject of any complaint to or investigation by a governmental licensing authority or consumer protection agency. You will make timely responses and attend related hearings against us arising out of this Agreement where we have a defense to the claims, and advise us promptly of the assertion and of any pertinent information of a claim. You will not employ an attorney to represent us unless expressly authorized to do so.

7.3 **<u>Temporary Associates</u>**. You must recruit, screen, test, interview, hire and assign Temporary Associates on our behalf according to our standards and procedures and in compliance with all applicable laws and regulations.

7.4 **<u>Personnel and Owners</u>**.

7.4.1 **<u>Owners</u>**. If you are a corporation, limited liability company or partnership, you must obtain our written approval of the Majority Owner. If you are an entity, all owners of you must sign a Guaranty and Subordination Agreement in the form attached to this Agreement as <u>Attachment 8</u> assuming and agreeing to discharge all of your obligations under this Agreement and agreeing to the restrictions placed on them, including restrictions on the transferability of their interests in the franchise and the Office and limitations on their rights to compete. If you and your owner(s) do not satisfy the financial or management qualifications to become a franchisee based on your qualifications, we may require the spouse(s) of the owner(s) to sign the Guaranty and Subordination Agreement in order to satisfy our qualifications. If you are an individual or group of individuals and you do not satisfy the financial or management qualifications to become a franchise based on your qualifications, we may require the spouse(s) of the individual(s) to sign the Guaranty and Subordination Agreement in order to satisfy our qualifications. In addition, we may require each of your owners and/or their spouses to sign a nondisclosure and noncompetition agreement in a form that we prescribe, the current version of which is attached as <u>Attachment 8</u> to this Agreement.

7.4.2 **<u>Management</u>**. The Majority Owner must personally manage your Office on a full-time basis, unless you hire a Branch Manager. If you elect to hire a Branch Manager, the Branch Manager will be required to oversee operations of the Office on a full-time basis, but your Majority Owner will be required to continue to actively oversee operations of the Office on a part-time basis. The Branch Manager may, but is not required to, have an ownership interest in your entity. The Branch Manager must successfully complete our Initial Training Program prior to assuming a management role in the Office. If the Branch Manager ceases to manage your Office on a full-time basis for any reason, then your Majority Owner must immediately manage your Office on a full-time basis until you are able to hire a qualified and trained replacement Branch Manager.

7.4.3 **<u>Employees</u>**. You are solely responsible for all labor and employment-related matters and decisions related to your Office, including hiring, firing, promoting, demoting, and compensating (including through wages, bonuses, or benefits) your employees. You must always employ a sufficient number of properly trained and qualified employees in appropriate roles to operate the Office according to our standards. In accordance with our brand standards, you must ensure that all your employees have passed a comprehensive criminal background check provided by a reputable vendor and have not been convicted of any crimes involving fraud, violence, or moral turpitude that would reasonably be likely to harm the goodwill associated with the Marks and the System. You must ensure that your employees preserve good Client relations and comply with this Agreement and the

Manuals. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manuals or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your Office. You must also ensure that your employees understand they are not employees of us, but rather are employees of you, and must, at our request, cause them to sign an acknowledgement that they are not employees of us. Your employment paperwork and policies must not reference our entity or use the Marks and instead must reference your entity as their named employer. Further, you are not permitted to assign your employees to your Office as Temporary Associates. You may not utilize our client and candidate record management software with your employees.

7.5 **Signs**. Subject to applicable law and your landlord's consent, if required, you must permanently display, at your own expense, at your business premises, signs of any nature, form, color, number, location and size, and containing any legends that we have designated in writing.

7.6 **Participation in National Account Program**. We may, in our sole discretion, provide you the opportunity to, or require you to, participate in our National Accounts Program and provide Staffing Services to National Account Clients to be performed at locations within your Territory. We may revoke such authorization at any time. If you provide services to National Account Clients, you must do so in accordance with the procedures, terms and conditions specified in the Manuals and in accordance with any agreements we have entered into with such National Account Clients. If we designate a Client as a National Account Client, you may not enter into separate agreements with such Client and must terminate any existing agreements with them.

7.7 **Cooperation in Collections**. You must maintain and provide any records, make any reports, sign any documents and supply any information that we reasonably require to support our collection of Net Billings. You must monitor Client payments and observe our credit policies and procedures to minimize collection problems.

7.8 **Attendance at Events**. We may conduct Events to provide updates, offer continuing education, and encourage discussion of topics of importance to the Franchise Network. The Required Trainees and any other individuals that we designate must attend any Events that we specify at your expense.

7.9 **Financial Information**.

7.9.1 **Records**. You must keep financial records of your business in the form prescribed by the Manuals for at least three (3) years. Upon our written request, you must transmit these records to us in paper or digital form, as we require.

7.9.2 **Reports**. You must submit to us financial reports on the income and expenses of the Office at the times and in the format specified in the Manuals, as revised from time to time. You must use the chart of accounts we provide in the manner we specify. You must buy or lease computer and communications equipment and license software that meet our written specifications to create financial reports and transmit them to us electronically. Upon our request, you must have your financial reports reviewed or audited by an independent certified public accountant.

You must submit to us, within thirty (30) days after filing, copies of all federal, state, and local income, payroll tax reports and personal property tax returns relating to the Office.

We may use this data to confirm that you are complying with your obligations under this Agreement, to formulate earnings and expense information to show to prospective Franchisees and to advise you on Office operations.

7.10 Insurance.

7.10.1 Coverage. You must purchase and maintain insurance coverage in accordance with our requirements as specified in the Manuals from time to time, including:

(a) workers' compensation insurance (with respect to your employees),

(b) commercial general liability insurance,

(c) automobile liability insurance for owned, hired and non-owned automobiles,

(d) blanket fidelity bond (commercial crime),

(e) personal property "SPECIAL FORM" comprehensive protection,

(f) errors and omissions (professional liability),

(g) employment practices liability insurance.

All insurance policies must contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time and name us and our affiliates as additional insureds. We may adjust the minimum coverage requirements, exclusions and deductibles annually if necessary to reflect inflation or other changes in circumstances. We may also add additional types of insurance or coverage if we, in our reasonable discretion, determine that it is advisable.

7.10.2 Provisions. Each insurance policy that we require under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days' written notice to us. It must be issued by an insurance company of recognized responsibility, be satisfactory to us in form, substance, and coverage and designate us as an additional named insured. You must deliver a certificate of the issuing insurance company evidencing each policy to us as soon as the policy is issued, amended or renewed. If you fail to obtain or maintain (or to prove that you have obtained or maintained) the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Office on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance and pay us a reasonable administrative fee (which will not exceed $3,000) for such service.

7.10.3 Other Insurance. Your obligation to maintain the insurance coverage described in this Section will not be affected by any separate insurance we maintain, nor will our maintenance of insurance relieve you of any obligations under Section 8.5 (Indemnification) of this Agreement.

7.10.4 Claims. If (a) a claim is filed or asserted, whether formally or informally, against you or us for damages caused by acts or omissions of Temporary Associates while on assignment with a Client or a Temporary Associate associated with your Office files an employment claim or complaint against you or us; (b) the claim is not covered under insurance policies we maintain; and (c) we determine, in our sole discretion, you have fully complied with our written policies and procedures (as outlined in the Manuals), we will pay the claim and you must reimburse us for sixty-five percent (65%) of the cost of the claim (the amount determined to be owing plus legal expenses and costs associated with the claim). If (a) and (b) of this section are true and (c) is not, we will pay the claim and you must reimburse us for one hundred percent (100%) of the amount determined to be owing, plus legal expenses and costs associated with the claim. We may, at our option, deduct your reimbursement obligation under this section from Franchisee Share before forwarding it to you.

7.11 Financial and Legal Responsibility.

7.11.1 Compliance with Law. You must inform yourself about and strictly follow all federal, state and local laws and regulations relating to employment generally, unemployment insurance, workers' compensation insurance and withholding and payment of payroll taxes. You must comply with all other federal, state, and local laws and regulations relating, directly or indirectly, to your Office. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with your operation of the Office.

You acknowledge that you are responsible for compliance with all laws applicable to the franchise and we are not liable for any acts you commit as an independent Franchisee. You may not discriminate against Temporary Associates or Direct Hire candidates on the basis of race, creed, color, religion, sex, sexual orientation, age, national origin, disability, marital status, military service or any other category protected by federal or applicable state law.

7.11.2 Payment of Indebtedness. You must pay promptly when due all taxes and debts that you incur in the conduct of your business, particularly debts to approved or designated suppliers. You and your Related Parties must remain current in any financial responsibilities to your lessor and to us. Default under your lease or sublease, if noncurable or if uncured within any applicable cure period, is a noncurable event of default under this Agreement.

7.11.3 Adherence to Credit Policies. You must adhere strictly to our credit policies and procedures, as described in the Manuals or otherwise in writing. You will bear all losses incurred because of your failure observe our credit policies or requirements.

Failure to observe credit policies or requirements is a noncurable event of default under this Agreement.

7.11.4 <u>Discontinuance of Services</u>. If a Client maintains an unsafe work environment or generates frequent or severe workers' compensation claims, upon our direction, you must discontinue service to that Client.

7.12 <u>Computer System</u>.

7.12.1 <u>Acquisition and Updates</u>. You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals (collectively, the **"Computer System"**). We have the right to require that the components of the Computer System that you purchase, license, lease, or use: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates). If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. We will provide first-line technical support to you for certain components of the Computer System at no charge, but you must maintain, at your expense, any warranties or service agreements related to the Computer System that we specify in the Manuals from vendors that we designate or approve. You must replace, upgrade, or update at your expense the Computer System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Computer System requirements.

7.12.2 <u>Use of the Computer System</u>. You must use the Computer System to (a) maintain a database of your Clients' and staffing personnel's contact information, (b) evaluate employee skills, (c) generate reports and analysis relating to the Office, and (d) provide other services relating to the operation of the Office. You agree: (i) that your Computer System will be dedicated for business uses relating to the operation of the Office; (ii) to use the Computer System in accordance with our policies and operational procedures; (iii) to transmit financial and operating data to us as required by the Manuals; (iv) to do all things necessary to give us unrestricted access to the Computer System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a connection that we specify; (v) to maintain the Computer System in good working order at your own expense; (vi) to ensure that your employees are adequately trained in the use of the Computer System and our related policies and procedures; (vii) not to load or permit any unauthorized programs or games on any hardware included in the Computer System; and (viii) to comply with all laws and System standards relating to maintaining the security of the Computer System and any information contained within it. You are responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Computer System (or any of its components) fails to operate on a continuous basis or as we or you expect.

SECTION 8

RELATIONSHIP OF PARTIES

8.1 Interest in Marks and System. You may not at any time do or cause to be done anything contesting or impairing our interest in our Trade Name, Marks or System. You have not been granted any rights in our Trade Name, Marks or System except for your right to use them during the term of this Agreement and according to its express terms. We retain the right to grant other franchises or licenses to use the Trade Name, Marks, and System on any terms that we would like, subject only to your rights described in Section 4 of this Agreement. Upon Transfer or Termination of this Agreement or of the Office or any of its assets, you may not attribute any amount to goodwill associated with your use of our Marks.

8.2 Independent Status. You are an independent contractor and must make this fact clear in your dealings with suppliers, lessors, government agencies, employees, Clients, and others. **We are not and do not agree to act as a fiduciary or trustee in our relationship with you, including in connection with the collection of payments from clients.** You must rely on your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manuals. You may not expressly or implicitly hold yourself out as our agent (except as otherwise expressly provided herein), employee, partner, member, shareholder, joint venturer, or representative, nor may you state or suggest that you have the right or power to bind us or to incur any liability on our behalf. You may not enter into any agreements on behalf of us or our affiliates. You may not use all or any part of our Trade Name as part of your legal name (corporate, limited liability company, or partnership name). You must use it as prescribed as your fictitious business name. Your legal name may not include the words "staffing," "temporary," "personnel," "placement," "recruiting," "employment," "talent," or any other word that might suggest to an insurance carrier that you are the employer of the temporary personnel you place.

8.3 Display of Statement. You must conspicuously display the sign that we provide to you that says that "THIS PRIDESTAFF® BUSINESS IS INDEPENDENTLY OWNED AND OPERATED BY [YOUR LEGAL NAME] UNDER A FRANCHISE FROM PRIDESTAFF, INC." at the Approved Location. Office cards, stationery, purchase order forms, invoices, leases, tax returns, and other documents you use in your business dealings with suppliers, lessors, government agencies, employees, and Clients must clearly identify you by name as an independent legal entity operating under a franchise from us.

8.4 Confidentiality. We possess (and will continue to develop and acquire), and will disclose to you, certain confidential information (the "**Confidential Information**") relating to the operation of PRIDESTAFF® franchises, which includes (without limitation): (1) methods, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating the Offices; (2) our Client names and contact persons; (3) advertising and public relations programs for PRIDESTAFF® franchises; and (4) knowledge of the operating results and financial performance of the Offices. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Office during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (a) will not use Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement; (c) will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; (d) will not disclose or upload any Confidential Information to or into any artificial intelligence systems or programs; and (e) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to your personnel and others and requiring individuals that have access to the Confidential Information to sign a nondisclosure agreement. If we provide a recommended form of nondisclosure agreement and you choose to use it, it is your obligation to have it reviewed by your local attorney and otherwise ensure it is valid and enforceable under applicable laws.

All ideas, concepts or techniques relating to a PRIDESTAFF® Office, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made-for-hire for us. You and your owners agree to execute whatever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts or techniques.

8.5 **Indemnification**. Except as otherwise set forth in Section 7.10.4, you agree to indemnify, defend and hold us, our affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") harmless against any and all taxes described in Section 8.7 of this Section and any and all claims and liabilities directly or indirectly arising out of your breach of this Agreement or the operation of the Office, including, without limitation, your activities or any of the activities of your personnel or temporary employees under this Agreement, and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts recoverable by us or another Indemnified Party from you.

8.6 **Covenant Not to Compete**. You acknowledge and agree that we would be unable to protect our Confidential Information against unauthorized use or disclosure and unable to encourage a free exchange of ideas and information about PRIDESTAFF® franchises if

Franchisees were permitted to hold interests in or perform services for "**Competitive Businesses**" as defined below. You also acknowledge that we have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree, that during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will: (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located or operated; or (b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located or operated. You further agree, that for a period of two (2) years after Termination of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children will: (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business operating within the Territory; or (ii) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business operating within the Territory. The two (2) year period is tolled if you fail to comply with this obligation, until by court order or otherwise, you are required to and do comply. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made herein will not deprive you or your owners of your personal goodwill or ability to earn a living. You agree to obtain the individual written agreement of your Branch Manager or any other individuals that we designate to the provisions of this section in the form of Attachment 7 to this Agreement.

The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, any temporary, outsourcing or permanent staffing business (other than a PRIDESTAFF® franchise operated under a franchise agreement with us).

8.7 Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon you or the Office, in connection with the operation of the franchise (except any taxes we are required by law to collect from you). We have no liability for any federal, state, local or foreign (i) payroll or property taxes, (ii) sales, use, excise, privilege, occupation or any other transactional taxes, (iii) business activity taxes, whether calculated with respect to capital, net income, gross receipts, services provided or some other basis or combination thereof, or (iv) any other taxes or similar exactions no matter how designated, whether any such amount described in clauses (i) through (iv) above is levied upon you or the Office, in connection with the operation of the franchise (except any taxes we are required to collect from you). Payment of all such taxes is your responsibility.

SECTION 9

TRANSFER OF FRANCHISE

9.1 Purpose of Conditions for Approval of Transfer. We grant this franchise in reliance on your integrity, ability, experience, and financial resources. You may not Transfer, nor effect or suffer, a Transfer unless you have first obtained our written consent. To ensure that no Transfer jeopardizes the Trade Name, Marks, or our interest in the successful operation of your Office, we will consent to a Transfer only if you comply with the provisions of Sections 9.2 through 9.4 of this Agreement.

9.2 Notice of Request to Transfer. If you would like to transfer this franchise, you must submit to us: (a) the form of franchise purchase application we currently use, completed by the prospective transferee, (b) a written notice, describing all the terms and conditions of the proposed Transfer, and (c) the resale/transfer fee described in Section 9.4(h) of this Agreement. If we do not approve the Transfer, we will return the resale/transfer fee to you after deducting our direct costs in connection with the proposed Transfer.

9.3 Consent by PrideStaff and Right of First Refusal. We must respond in writing to your written notice within fifteen (15) days after receiving it, or, if we request additional information, within the later date of fifteen (15) days after receipt of the additional information or the final day of the original fifteen- (15-) day period. We may either consent in writing to the Transfer, state in writing our reason for refusing to consent, or purchase the Office from you ourselves on the same terms and conditions as those offered by the third party, provided that (1) We may substitute cash for any form of payment proposed in such offer; (2) Our credit will be deemed equal to the credit of any proposed purchaser; (3) We will have not less than ninety (90) days after giving notice of its election to purchase to prepare for closing; and (4) We are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to: (a) ownership and condition of and title to stock or other forms of ownership interest and/or assets; (b) liens and encumbrances relating to the stock or other ownership interest and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you will be bound by the noncompetition covenant contained in Section 8.6 hereof. You and your selling owner(s) further agree that you will abide by the restrictions of Section 9.4(i) of this Agreement. If we do not exercise our right of first refusal, you and your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided herein, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or the notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option. Silence is not consent. If we consent to the Transfer, then you may transfer the interest described in the notice only to the named transferee and only on the terms and conditions stated in the notice. Our consent to a particular Transfer will not be consent to any other or subsequent Transfer.

9.4 Conditions for Consent to Transfer. Our consent to your Transfer will not be unreasonably withheld, but it will be subject to certain conditions, including, but not limited to:

(a) Our determination, based on the information that you submit and any other information available, that the proposed transferee meets all of the criteria of character, business experience, financial responsibility, net worth, working capital and other standards that we customarily apply to new Franchisees at the time of Transfer;

(b) Payment of all your outstanding debts to us and complete reimbursement of any broker's or finder's fee we incurred for referral of your proposed transferee to us;

(c) Cure of all other defaults under this Agreement, any other agreement(s) between us and you or your Related Parties, and the Manuals of which you have been notified;

(d) At our sole option, (i) the transferee signing an assignment and assumption agreement acceptable to us; or (ii) the transferee signing the then-current form of standard franchise agreement, (and the transferee's Related Parties signing of required ancillary agreements) in conjunction with you and we signing a mutual termination agreement on terms we deem appropriate);

(e) Completion by the transferee and its Required Trainees of our Initial Training Program to our satisfaction by the deadlines that we specify;

(f) Signing by you and your Related Parties of a general release of claims in a form satisfactory to us against us in the form of Attachment 3 to this Agreement of our officers, directors, employees, and agents;

(g) Our determination, based on our review of the proposed purchase agreement or notice, that the financial terms of the agreement and any financing of the sale will not be so burdensome as to adversely affect the operation of the Office and that the proposed purchase agreement otherwise provides for fulfillment of all obligations;

(h) The proposed transferee paying a resale/transfer fee in an amount of $10,000, which is payable on closing of the transfer;

(i) You and your transferring owners (and spouses and children) have agreed to a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the Transfer, by the restrictions contained in Section 8.6 hereof and not to solicit clients or Temporary Associates;

(j) You and your transferring owners have agreed that you will not directly or indirectly at any time or in any manner (except with respect to other PRIDESTAFF® franchises you own and operate) identify yourselves or any business as a current or former PRIDESTAFF® franchise, or as one of our licensees or Franchisees, use any Mark, any colorable imitation thereof or other indicia of a PRIDESTAFF® franchise in any manner or for any purpose or utilize for any purpose any Trade Name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us;

(k) You will provide copies to us of all written materials you provide to the transferee; and

(l) Your opening an escrow for the franchise Transfer to ensure fulfillment of the conditions for Transfer listed above and providing us with evidence that this has been done. The escrow holder may be an escrow company or the attorney for one of the parties.

9.5 Assignments Not Treated as Transfers. The Transfer provisions described in Sections 9.2 through 9.4, above do not apply to an assignment by you, as an individual, to a business entity in which you retain all of the voting rights and equity interests and obtain our prior written consent to the assignment. We will consent to an assignment of this type only if you fulfill all of the following conditions:

(i) You advise us in writing of the proposed Transfer and send us a copy of the assignee's organizational documents, a list of names of the assignee's owners together with a statement of percentage of ownership and a copy of the document giving you a legal right and obligation to manage the Office.

(ii) You sign a guarantee of the obligations of the assignee under this Agreement.

(iii) The transferee signs the then-current franchise agreement for the remainder of the term and, amended to eliminate the initial franchise fee.

9.6 Change of Ownership Upon Death or Total Disability. If you or the Majority Owner dies or becomes totally disabled while this Agreement is in effect, your heirs, successors or beneficiaries will have ninety (90) days within which to show to our satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth, and other standards that we require of new Franchisees at that time. If we approve your heirs, successors or beneficiaries as transferees of the franchise, we will waive any resale/transfer fee in connection with the Transfer. If we advise your heirs or beneficiaries in writing that we do not approve them as transferees of the franchise, or if we do not approve or disapprove the Transfer to your heirs or beneficiaries within ninety (90) days following your death or total disability, your heirs or beneficiaries may have one hundred eighty (180) additional days from the date of disapproval of the Transfer or the end of the ninety (90) day period, whichever is first, within which to find and notify us of a proposed Transfer to a qualified transferee approved by us in writing. If your heirs or beneficiaries do not advise us of a qualified transferee within the specified period, the franchise will automatically terminate at the end of that period unless we have granted a written extension of time.

9.7 Assignment by PrideStaff. We may assign this Agreement or any rights or obligations created by it without your consent and it will inure to the benefit of any transferee or other legal successor to our interest herein. You acknowledge that, upon such an assignment, we will be released from any future liability under this Agreement.

SECTION 10

TERMINATION OF FRANCHISE

10.1 Termination by Consent of the Parties. The parties may terminate this Agreement by mutual written consent.

10.2 Termination by PrideStaff.

10.2.1 Notice of Default. We have the right to terminate this Agreement (i) thirty (30) days after written notice of default is given to you if any of the defaults described in subsections (b) through (e) below has not been cured, (ii) five (5) days after written notice is given to you if the default described in subsection (f) below has not been cured, and (iii) immediately when written notice is given to you if any of the defaults described in subsections (a) and (g) through (s) below occurs.

10.2.2 Acts of Default. Upon the occurrence of any of the following defaults, at our option and subject to the notice requirements in Section 10.2.1, we may terminate this Agreement:

(a) If you do not meet the Minimum Performance Standard in any Agreement Year, as set forth in Section 4.6.

(b) If you do not submit to us in a timely manner any information or report we require you to submit under this Agreement or if you do not provide us with complete and accurate Net Billings reports or if you do not provide to us regular, timely evidence that you are maintaining all insurance of the nature and in the minimums you are required to maintain under this Agreement.

(c) If you do not begin operation of an Office by the Opening Deadline or if you operate your Office in a manner that does not conform to this Agreement and the Manuals or if you operate outside your Territory without our prior written consent or if you do not stop operating outside your Territory upon receiving written notice that we have withdrawn our consent.

(d) If you default in any material respect in the performance of any obligation under this Agreement not otherwise described in this list of defaults.

(e) If your Office is operated with a Semi-Absentee Owner, you fail to meet any obligations under Sections 7.4.2.

(f) If you fail to make any payment when due under this Agreement or any other agreement between you or your Related Party and us or our Related Party.

(g) If you fail to successfully complete the Initial Training Program and we conclude, in our sole discretion, that you are unable or unwilling to do so.

(h) If you misuse the Trade Name, Marks or the System or engage in conduct that reflects materially and unfavorably on the goodwill associated with them or if you use in your Office any names, marks, systems, logotypes, or symbols that we have not authorized you to use.

(i) If you or any of your Related Parties has any direct or indirect interest in the ownership or operation of any business that is confusingly similar to any Office or that uses the System or the Marks without authorization from us, or if you fail to give us a signed copy of the nondisclosure and noncompetition agreement of each of your Related Parties within ten (10) days after that party becomes a Related Party.

(j) If you or your Related Party attempt to assign your rights under this Agreement or to transfer the Office in any manner not authorized by this Agreement.

(k) If you or your Related Party has made any material misrepresentation in connection with the acquisition of an Office or to induce us to enter into this Agreement, or if you bill a Client directly or if you retain payments made to you by a Client rather than immediately forwarding them to us, or if you knowingly keep false books or intentionally make false financial reports or make any other material misrepresentation in the operation of the Office.

(l) If any other agreement between you or your Related Party and us is terminated because of your material default.

(m) If you act without our prior written approval or consent in regard to a matter for which this Agreement expressly requires our prior written approval or consent.

(n) If you stop operating the Office for a week or more without our prior written consent or under circumstances that lead us to the reasonable conclusion that you do not intend to resume operation.

(o) If you commit a material default and we have twice previously given you written notice of the same type of default within the preceding twelve (12) months, even if you have cured the defaults.

(p) If we make a reasonable determination that the continued operation of the Office will pose a threat to public safety;

(q) If you become insolvent;

(r) If you or your Related Party are convicted of or plead nolo contendere to a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that we believe is likely to have an adverse effect on our franchise system, our concept, an Office, the Marks, and any associated goodwill or you or your Related Party has engaged in or engages in activities that, in our reasonable opinion, are reasonably likely to have such an adverse effect; or

(s) If you fail on three or more separate occasions within any period of twelve (12) consecutive months, after receipt of written notice thereof to comply with this Agreement, whether or not such failures to comply were corrected after written notice was delivered.

10.3 Rights and Obligations After Termination. Upon Termination of this Agreement for any reason, you will have the following rights and obligations:

(a) If you are the employer of record for any Temporary Associates, we may, at our option, identify those Temporary Associates that we select to continue to service our Clients, and you must terminate such Temporary Associates' employment with you and make such Temporary Associates available to us.

(b) Immediately upon Termination, you must send to us, by overnight delivery or as otherwise arranged with us, all payroll, tax and employment records in your possession concerning our employees who are or have been Temporary Associates furnished to Clients by your Office. If you fail to provide us with a trackable waybill showing that have complied with this provision within two (2) business days after Termination, we have a right, without posting a bond, to obtain an injunctive order enforcing this provision.

(c) You must give us a final accounting for the Office, pay us within thirty (30) days after Termination all payments due to us, and return the Manuals, marketing materials, proprietary forms, software, videotapes and any other property belonging to us or containing proprietary information.

(d) Upon our written request, you must immediately and permanently stop using the Marks or any confusingly similar marks, the System, and any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that you are operating an Office.

(e) You must promptly sign any documents and take any steps that in our judgment are necessary to delete your listings from classified telephone directories, disconnect or, at our option, assign to us any telephone numbers that have been used in connection with the Office, and terminate all other references that suggest you are or ever were associated with us. By signing this Agreement, you irrevocably appoint us your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within seven (7) days after this Agreement is terminated.

(f) You must maintain all records we require you to maintain under this Agreement for not less than six (6) years after final payment of any money you owe to us when this Agreement is terminated.

(g) We have the right to buy any or all of the Office assets from you, during sixty (60) days following the effective date of Termination, upon the following terms:

(i) The physical assets of the Office, including its equipment, supplies and inventory, during sixty (60) days following the effective date of Termination, valued at the lower of depreciated cost or fair market value. We must send written notice to you within thirty (30) days after Termination of this Agreement if we elect to exercise the option to purchase these assets. If the parties do not agree on a price for the physical assets within the option period, the option period may be extended for up to fifteen (15) business days to permit an appraisal by an independent ASA

(American Society of Appraisers) Accredited Senior Appraiser in the discipline of business valuation that we select. The appraiser's determination of value will be final and binding on both us and you.

(ii) Upon our request, you must give us copies of the leases for any equipment used in the Office and allow us the opportunity, at a mutually satisfactory time, to inspect the leased equipment. We must advise you of our wish to assume any equipment lease within fifteen (15) days after we have received the information and/or inspected the equipment. We may assume any equipment lease in consideration of our assumption of future obligations under the lease. Upon our exercise of this option, we will indemnify you against future rents and other future liabilities under the equipment lease, but not from any debts to the lessor that already exist on the date when we assume the lease.

(iii) If you rent the premises of the Office, we may assume the lease in consideration of our assumption of future obligations under the lease. Upon our assumption of the lease, we will indemnify you against future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when we assume the lease.

(iv) If we elect to buy all of the assets of the franchised Office described in subsections (i), (iii) and (iv) of this Agreement, payment for the franchised Office may be made by our promissory note, payable in forty-eight (48) equal monthly payments. Interest will be payable at the rate of eight percent (8%) per year. There will be no prepayment penalty. We may offset against the total price for the business any amounts we must advance to the landlord or trade vendors to cure your pre-Termination defaults and to bring your equipment and premises up to our current standards as well as any money you owe us at Termination.

(v) If we elect to buy all of the assets of the franchised Office described in subsections (i), (iii) and (iv) of this Agreement, we have the right to immediate possession and may seek provisional relief from any court of competent jurisdiction to enforce this right. Until such time as the purchase price for the business has been determined as described above and the purchase has been concluded, we will operate the business on your behalf. During any such interim period, we have the right to use the proceeds of the business to pay a reasonable salary to the manager we place in the premises, to meet your payroll obligations and to pay trade debts as they arise. In addition, we may make any necessary repairs to the business assets and premises, advancing the funds against the ultimate purchase price if the current income is insufficient. We will deliver the excess of income over expenses to you when the purchase is concluded.

(vi) If there is any dispute between the parties regarding the purchase and the rights and obligations described in this subsection, the prevailing party will be entitled to attorneys' fees and costs incurred in resolving the dispute, as determined by the arbitrator.

(h) If the franchise granted in this Agreement is terminated because of either party's material default, the rights described in this Section may not necessarily be the injured party's exclusive remedies, but will instead supplement any other equitable or legal remedies available.

(i) You agree that any termination of this Agreement before the expiration of the term will deprive us of the benefit of the bargain we are entitled to receive under this Agreement. As a result, if this Agreement is terminated by either party before the expiration of the term, you must pay us, as liquidated damages for the loss of the benefit of the bargain we are entitled to receive, and not as a penalty, a lump-sum payment equal to the average monthly Franchisor Share during the 12-month period before the termination date times the number of months remaining in the then-current term of this Agreement. If less than 12 months have lapsed between the opening of the Office and the termination date, the liquidated damages will be the average monthly Franchisor Share during the time between the opening of the Office and the termination date, multiplied by the number of months remaining in the then-current term of this Agreement. You agree that such amounts (i) are true liquidated damages; (ii) are intended to compensate us for the harm we will suffer only from and as a result of the loss of our revenue stream provided by the Franchisor Share and not for any other damages; (iii) are not a penalty; (iv) are a reasonable estimate of our probable loss of Franchisor Share resulting from your defaults, viewed as of the termination date; and (v) will be in addition to all other rights we have to obtain legal or equitable relief. You also agree that, in the case of a termination before the expiration of the term, we also will suffer damages other than lost future Franchisor Share (including loss of goodwill relating to the Marks and lost business opportunities). You also will pay to us all actual and consequential damages, costs, and expenses, including reasonable attorneys' fees, that we incur before or after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Agreement. You acknowledge and agree that the proximate cause of such damages sustained by us is your act of default and not our exercise of our right to terminate.

(j) Termination of this Agreement will not end any obligation of either party that has come into existence before Termination. All obligations of the parties that by their terms or by reasonable implication are to be performed in whole or in part after Termination will survive Termination.

10.4 **<u>Non-Solicitation of Clients</u>**. You acknowledge and agree that the Clients are PrideStaff's clients. Accordingly, for two (2) years after the termination of this Agreement, you agree that you will not, directly or indirectly or by action in concert with others, solicit, induce or influence or seek to solicit, induce or influence any Client or prospective Client with whom you did business during your relationship with PrideStaff for the purpose of promoting or selling any products or services that are competitive with those offered by PrideStaff and its Franchisees.

10.5 **<u>Final Payment of Franchisee Share</u>**. After you comply with all of your post-termination obligations under this Agreement (including, without limitation, your non-competition and non-solicitation obligations, your obligation to provide to us a final accounting and pay all receivables due to us for services provided through the Office) and after we take all Authorized Deductions, we will then make the final payment of your Franchisee Share to you. For the avoidance of doubt, we may offset against your Franchisee Share any amounts that you owe to us under this Agreement or otherwise.

SECTION 11

MISCELLANEOUS PROVISIONS

11.1 **Construction of Contract**. Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manuals, this Agreement will control.

11.2 **Governing Law**. This Agreement will be governed by and interpreted under the laws of the state in which the Territory is predominantly located, with the following exceptions: (a) the arbitration clause will be exclusively governed by and construed in accordance with the Federal Arbitration Act, and (b) trademark rights will be governed by and construed in accordance with the Lanham Act.

11.3 **Notices**. The parties to this Agreement should direct any notices to the other party at the address below that party's name on the final page of this Agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by facsimile, email, delivery service or first class mail. Notice by facsimile or email will be considered delivered upon transmission (with confirmation of receipt), by delivery service, upon delivery or attempted delivery (with proof of delivery or attempted delivery), and by first class mail, three days after posting. Notice of Termination or nonrenewal will be given by a receipted form of delivery and simultaneously mailing of a notice by first class mail. Notice by delivery service will be effective even if the recipient does not sign the receipt or otherwise accept delivery.

11.4 **Amendments**. This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

11.5 **Waiver**. Waiver of any breach of this Agreement may not be interpreted as a waiver of any other or subsequent breach.

11.6 **Integration**. This Agreement and any exhibits or attachments to it are the entire agreement between the parties concerning the franchise it grants. All other agreements and representations, other than the representations in the disclosure document, are superseded by it. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

11.7 **Negotiation and Mediation**.

11.7.1 **Agreement to Use Procedure**. The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. They agree that, if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first attempt to negotiate a settlement and, if either party files a mediation proceeding, participate in the mediation. Good faith participation in these procedures to the greatest extent reasonably possible is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

11.7.2 **<u>Initiation of Procedures</u>**. The party that initiates these procedures must give written notice to the other party, describing in general terms the nature of the dispute, specifying the initiating party's claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice has ten (10) days within which to designate by written notice to the initiating party one or more people with authority to settle the dispute on the responding party's behalf.

11.7.3 **<u>Direct Negotiations</u>**. The parties may investigate the dispute as they consider appropriate, but agree to meet in person, by prearranged teleconference, or by video conference within fourteen (14) days from the date of the initiating party's written notice to discuss resolution of the dispute. The parties may meet at any times and places and as often as they agree.

11.7.4 **<u>Mediation</u>**. If the dispute has not been resolved within thirty (30) days after the initial meeting, either party may, at its option, begin mediation procedures. Mediation will be conducted by and under the rules of the American Arbitration Association ("**AAA**") in Fresno, California, except that the mediator must have been a member of the American Bar Association's Forum on Franchising for at least five (5) years. If the AAA is unable to provide a list of mediators that meet this requirement on its panel of mediators, it must look to its panel of arbitrators and, if necessary, beyond the panel or outside the area for mediators. Either party may also suggest a mediator, subject to approval by the other party.

11.8 **<u>Arbitration</u>**. All controversies, disputes or claims between us and our shareholders, officers, directors, agents and employees and your (your owners, guarantors, affiliates and employees, if applicable) arising out of or related to: (1) this Agreement or any other agreement between you and us or any provision of any such agreement; (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you and us or any provision of any such agreement (including the validity and scope of the arbitration obligations under this Section, which the parties acknowledge is to be determined by an arbitrator and not a court); or (4) any System standard relating to the establishment or operation of the business will be submitted for arbitration to be held at a suitable location chosen by the arbitrator which is within ten (10) miles of our then existing principal business address on demand of either party and, except as otherwise provided in this Agreement, will be heard by one arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Section 1 et seq.) and not by any state arbitration law.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any mark generic or otherwise invalid or, except as otherwise provided in <u>Section 11.17</u>, to award exemplary or punitive damages (we and you hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 11.17 below, any right to or claim for any punitive or exemplary damages against the other). The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 11.10.

We and you agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between us and our shareholders, officers, directors, agents and employees and you (and/or your owners, guarantors, affiliates and employees, if applicable) may not be consolidated with any other arbitration proceeding between us and any other person, corporation or partnership. Notwithstanding the foregoing or anything to the contrary in this Section or Section 11.1, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 11.8, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Section 11 (excluding this Section 11.8).

Notwithstanding anything to the contrary contained in this Section, we and you each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit their dispute for arbitration on the merits as provided herein. The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

11.9 Limitation of Actions. Neither party may maintain any action or proceeding against the other party unless (a) to the greatest extent possible in light of the conduct of the other party, the party makes a good faith effort to follow the negotiation and mediation procedures described above, and, except in regard to non-waivable statutory claims, (b) files an arbitration petition within one (1) year after the party knows or should know the facts on which the claim is based.

11.10 Enforcement Expenses. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees, arbitrators' fees, expert witness fees, costs of investigation, court costs, other arbitration or litigation expenses, and related travel and living expenses): (i) to enforce the terms of this Agreement or any obligation owed to us by you and/or your owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim you and/or your owners assert against us on which we substantially prevail in court or other formal legal proceedings. We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees, arbitrators' fees, expert witness fees, costs of investigation, court costs, other arbitration or litigation expenses, and related travel and living expenses): (a) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to substantially prevail in such court or formal legal proceeding); and (b) in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings.

11.11 Business Judgement. You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions could have been made by us; (2) our decision or the action we take promotes our financial or other individual interest; (3) our decision or the action we take applies differently to you and one or more other Franchisees or our Company-Owned operations; or (4) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

11.12 Severability and Substitution of Provisions. Every part of this Agreement shall be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

11.13 Exercise of Rights. The rights of the parties hereunder are cumulative and no exercise or enforcement by either party of any right or remedy hereunder shall preclude the exercise or enforcement by such party of any other right or remedy hereunder which such party is entitled to enforce by law. Notwithstanding the foregoing, and except as otherwise prohibited or limited by applicable law, any failure, neglect, or delay of a party to assert any breach or violation of any legal or equitable right arising from or in connection with this Agreement shall constitute a waiver of such right and shall preclude the exercise or enforcement of any legal or equitable remedy arising therefrom, unless written notice specifying such breach or violation is provided to the other party within twenty four (24) months after the date of such breach or violation.

11.14 Approvals and Consents. Whenever this Agreement requires the approval or consent of either party, the other party shall make written request therefor, and such approval or consent shall be obtained in writing; provided however, unless specified otherwise in this Agreement, such party may withhold approval or consent, for any reason or for no reason at all. Furthermore, unless specified otherwise in this Agreement, no such approval or consent shall be deemed to constitute a warranty or representation of any kind, express or implied, and the approving or consenting party shall have no responsibility, liability or obligation arising therefrom.

11.15 Acceptance by PrideStaff. This Agreement will not be binding on us unless and until it has been signed by our Senior Vice President of Franchise Development, Paula Pizarro.

11.16 Our Representations. WE MAKE NO REPRESENTATIONS OR PROMISES OF ANY KIND EXCEPT THOSE SPECIFICALLY STATED IN THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT THAT HAS BEEN DELIVERED TO YOU. WE DO NOT GUARANTEE THAT YOU WILL SUCCEED IN THE OPERATION OF YOUR PRIDESTAFF® BUSINESS. WE ARE NOT A FIDUCIARY AND HAVE NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

11.17 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. EXCEPT WITH RESPECT TO FRANCHISEE'S OBLIGATION TO INDEMNIFY US PURSUANT TO SECTION 8.5 AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND OUR RESPECTIVE OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS, PROVIDED WE SHALL HAVE THE RIGHT TO RECOVER CONSEQUENTIAL DAMAGES. WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

11.18 Receipt of Franchise Disclosure Document and Agreement. You acknowledge having received our franchise disclosure document and this Agreement, with all blanks completed, within the time periods required by applicable law.

11.19 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to Franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

> No statement, questionnaire or acknowledgment signed or agreed by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller,

or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed it on the date stated in Section 1.

FRANCHISOR

PRIDESTAFF, INC.

Date:____________________________ By:________________________________
Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

Sign here if Franchisee is an individual or a married couple:*

FRANCHISEE

Dated:____________________________ ________________________________

Dated:____________________________ ________________________________

____

____

**Multiple individuals wishing to enter into this Agreement must form a company to sign as Franchisee.*

Sign here if Franchisee is a company:	**FRANCHISEE**
Company Name:	______________________________
Date______________________________	By:______________________________
Name:	______________________________
Title:	______________________________
Franchisee Address:	______________________________
	______________________________

STATE SPECIFIC ADDENDUM
TO PRIDESTAFF
FRANCHISE AGREEMENT

SECTION 1

INTRODUCTION

This Addendum (Addendum) is effective on the same date as the Franchise Agreement (Agreement) to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies for franchisees who live in or have their territories in the States of Illinois, Maryland, Minnesota, New York or North Dakota.

SECTION 2

AGREEMENT

The parties agree as follows:

2.1 **Illinois**.

2.1.1 **Governing Law**. Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

2.1.2 **Jurisdiction and Venue**. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

2.1.3 **Termination**. Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

2.1.4 **Release of Claims**. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

2.2 **Maryland**. The following provisions apply to you if you are a resident of Maryland or if the Territory is to be located in Maryland:

2.2.1 **Acknowledgements**. Section 2.2 of the Agreement is deleted in its entirety.

2.2.2 **Releases**. Sections 4.5.2(d) entitled "Renewal" and 9.4(f) entitled "Conditions for Consent to Transfer" of the Agreement are amended by adding the following language:

However, such general release will not apply to claims arising under, and to the extent prohibited by, the Maryland Franchise Registration and Disclosure Law.

2.2.3 Minimum Performance Standards. Section 4.6 entitled "Minimum Performance Standards" is amended by adding the following language:

The general release required as a condition of sale shall not apply to any liability under, and to the extent prohibited by, the Maryland Franchise Registration and Disclosure Law.

2.2.4 Arbitration. Section 11.8 of the Agreement is amended by adding the following language:

The Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2.2.5 Limitation of Actions. Section 11.9 of the Agreement is amended by adding the following language:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2.2.6 Representations. The following language is added as a new Section 11.20 of the Agreement:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2.3 Minnesota. The following provisions apply to you if your State is Minnesota:

2.3.1 Special Release of Claims. The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Any claim under Minn. Stats. Chapter 80C. is a non-waivable statutory claim.

2.3.2 Notice and Cure Periods. The Agreement states the cure periods for various types of defaults that may lead to termination or non-renewal. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

2.3.3 Trademarks. The following language is added to Section 7.1.4 of the Agreement:

> Provided you have complied with all provisions of this Agreement applicable to the Marks, PrideStaff will protect your right to use the Marks and indemnify you from any loss, costs, or expenses arising out of any claims, suits or demands regarding your use of the Marks, in accordance with Minn. Stat. Section 80C.12. Subd.1(g).

2.3.4 Limitation of Actions. Section 11.9 (Limitation of Actions) of the Agreement says that, except as to non-waivable statutory claims, neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one (1) year after the party knows or should know the facts on which the petition is based. Any claims arising under Minn. Stats. Section 80C may be brought for three (3) years after the cause of action accrues. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2.3.5 Arbitration Venue. Section 11.8 (Arbitration) of the Agreement requires binding arbitration of any dispute. The arbitration will occur in a state other than Minnesota, with costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Under Minnesota Statutes Section 80C.21 and Minnesota Rule Part 2860.4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

2.4 New York. The following provision applies to you if your State is New York:

2.4.1 Special Release of Claims. The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Claims arising under Section 33 of the General Office Law of the State of New York are non-waivable statutory claims.

2.5 North Dakota. The following provisions apply to you if your State is North Dakota:

2.5.1 Special Release of Claims. The following is added to the end of Section 4.5 of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2.5.2 Covenant Not to Compete. The following is added to the end of Section 8.6 of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

2.5.3 Arbitration Venue. Section 11.8 (Arbitration) of the Agreement provides that disputes will be arbitrated in California. This requirement is deleted from the Agreement.

2.5.4 Limitation of Actions. The following is added to the end of Section 11.9 (Limitation of Actions) of the Franchise Agreement:

> The statutes of limitations under North Dakota Law apply with respect to claims arising under the North Dakota Franchise Investment Law.

2.5.5 Waiver of Punitive Damages, Jury Trial. To the extent required by the North Dakota Franchise Investment Law, Section 11.17 of the Franchise Agreement is deleted.

2.6 Washington. The following provisions apply to you if your State is Washington:

2.6.1 Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2.6.2 RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2.6.3 Dispute Resolution. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

2.6.4 Releases. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

2.6.5 Transfer Fees. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

2.6.6 Non-Competition. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

2.6.7 Non-Solicitation. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

SECTION 3

INCORPORATION OF FRANCHISE AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

FRANCHISOR

PRIDESTAFF, INC.

Date:______________________________ By:___________________________________

Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

Sign here if Franchisee is an individual or a married couple:*

FRANCHISEE

Dated:________________________________ ____

____

Dated:________________________________ ____

____

**Multiple individuals wishing to enter into this Agreement must form a company to sign as franchisee.*

Sign here if Franchisee is a company: **FRANCHISEE**

Company Name: ____

Date________________________________ By:_____________________________________

Name: ____

Title: ____

Franchisee Address: ____

____

**ATTACHMENT 1 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________**

TERRITORY

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

DESIGNATION OF APPROVED LOCATION

Franchisee: ____
Date of Franchise Agreement: ____
Proposed Location: ____

Franchisee submits the proposed location described above to PrideStaff, Inc. ("**PrideStaff**"), for approval as its Approved Location under the Franchise Agreement referenced above. Upon PrideStaff acceptance of the proposed location by signing below, this Designation of Approved Location will supplement the Franchise Agreement referenced above and will be subject to all of its terms.

Sign here if Franchisee is an individual:

FRANCHISEE

Dated:______________________________ ______________________________

Print Name: ______________________________

Sign here is Franchisee is a company.

FRANCHISEE

Print Company Name: ______________________________

Date______________________________ By:______________________________

Print Name: ______________________________
Print Title: ______________________________

PrideStaff accepts the location described above.

FRANCHISOR

PRIDESTAFF, INC.

Date:______________________________

By:___________________________________

Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

ATTACHMENT 3 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

SPECIAL RELEASE OF CLAIMS

This Special Release of Claims is signed on ___________________ [date], at Fresno, California, by ______________________________ [name of releasor], referred to in this Release as "**Releasor**," in favor of PrideStaff, Inc., referred to in this Release as "**Releasee**."

R E C I T A L S

This Release is made and delivered with reference to the following facts:

A. Releasee and Releasor are parties to a PRIDESTAFF® Franchise Agreement dated ______________ (the "**Franchise Agreement**").

B. Releasor would like to transfer the Franchise Agreement and the franchised business operated under it to a transferee described in the accompanying documents

–OR–

C. Releasor would like to renew the Franchise Agreement.

D. Releasee is willing to consent to Releasor's request on condition that Releasor meets the conditions for consent stated in the Franchise Agreement. One of these conditions is that Releasor must sign a release of claims in favor of Releasee.

E. For the above-described consideration, the value and adequacy of which Releasor acknowledges, Releasor signs and delivers this Release.

RELEASE

1. Releasor, on behalf of Releasor and Releasor's Related Parties, as the term "**Related Parties**" is defined in the Franchise Agreement, now and forever releases and discharges PrideStaff, Inc., and its successors, attorneys, insurers, brokers, principals, officers, directors, shareholders, partners, agents, employees, and contractors, from any and all claims, demands, losses, expenses, damages, liabilities, actions, and causes of action of any nature, **except for non-waivable statutory claims,** that in any manner arise from or relate to the franchise relationship described above.

2. This Release extends to and includes any and all claims, liabilities, injuries, damages, and causes of action, **except for non-waivable statutory claims**, that the parties do not presently anticipate, know, or suspect to exist, but that may develop, accrue, or be discovered in the future. RELEASOR EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of signing the release, which if known by him must have materially affected his settlement with the debtor." Releasor represents

and warrants that Releasor has considered the possibility that claims, liabilities, injuries, damages, and causes of action that Releasor does not presently know or suspect to exist in Releasor's favor may develop, accrue, or be discovered in the future, and that Releasor voluntarily assumes that risk as part of the consideration received for this Release.

3. Releasor covenants and agrees that Releasor will not make, assert, or maintain any claim, demand, action, or cause of action that is discharged by this Release against any Releasee named or described in this Agreement. Releasor agrees to indemnify, defend, and hold each Releasee named or described in this Release, and their successors in interest, harmless against any claim, demand, damage, liability, action, cause of action, cost, or expense, including attorney fees, resulting from a breach of the covenant contained in this paragraph.

I, the undersigned, have read this Release and understand all of its terms. I sign it voluntarily and with full knowledge of its significance.

Date:______________________________ ___________________________________
[Signature of Releasor]

____
[Print name of Releasor]

**ATTACHMENT 4 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________**

**FRANCHISE SOFTWARE
<u>USER AGREEMENT</u>**

1. **<u>License</u>**. PrideStaff, Inc. ("**PrideStaff**"), grants to Franchisee a nontransferable, nonexclusive, limited right to use certain customized Bullhorn Staffing and skills testing software ("**Software**") as instructed by PrideStaff unless this Agreement is earlier terminated for material breach.

2. **<u>Payment</u>**. In return for the fees specified in the PrideStaff® Franchise Agreement between PrideStaff and Franchisee (the "**Franchise Agreement**"), PrideStaff grants to Franchisee the right to use the Software as PrideStaff instructs. Franchisee understands and agrees that a separate user agreement must be signed and a separate copy of the Software must be obtained for each user of the Bullhorn Staffing software.

3. **<u>Proprietary Information</u>**. The original and all copies of the Software and related materials, whether copyrighted or patented, will be considered confidential and proprietary information of PrideStaff, and will be and remain the sole property of PrideStaff's licensor. Franchisee agrees to maintain the confidential and proprietary information in strict confidence. Franchisee agrees to take all reasonable steps to safeguard the confidential and proprietary information from unauthorized disclosure, theft, and third party access.

The Software may not be sold, leased, assigned, sublicensed, or otherwise transferred, in whole or in part, unless otherwise permitted in writing by PrideStaff. Franchisee will not copy, modify, disassemble, decompile, or otherwise misuse the Software.

4. **<u>Software Support</u>**. PrideStaff will provide limited Software support ("**Support**"). PrideStaff may, at its discretion, discontinue Support at any time.

5. **<u>Software "As Is"</u>**. Franchisee understands that the Software provided under this Agreement is provided on an "as is" basis. Franchisee further understands and acknowledges that PRIDESTAFF MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THIS SOFTWARE, INCLUDING ITS QUALITY, PERFORMANCE, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL PRIDESTAFF BE LIABLE FOR DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR INABILITY TO USE THE SOFTWARE.

6. **<u>Termination</u>**. Franchisee agrees that if the Franchise Agreement for an Office is terminated or expires, any Software license used at the Office will be terminated immediately.

Upon termination of this license, use of the licensed Software must be discontinued, and the license and rights granted under this Agreement will expire and Franchisee will have no further rights or access to the Software. Franchisee must return or destroy, in PrideStaff's sole discretion, all copies of Software or related documentation.

7. **Changes**. Franchisee agrees to make all changes and upgrades (including, replacing Software with new software) required by PrideStaff immediately upon our notice.

8. **Consequential Damages**. In no event will either party be liable to the other for the payment of any incidental or consequential damages.

9. **Severability**. The invalidity, in whole or in part, of any provision of this Agreement will not affect the validity of any of its other provisions.

10. **Assignment**. Neither party will assign or subcontract part or all of its responsibilities under this Agreement, or any interest in it, without the other party's prior written consent, except that PrideStaff may assign this Agreement to any affiliate or subsidiary of PrideStaff without Franchisee's consent. Franchisee acknowledges that, upon any such assignment, PrideStaff will be released from any future liability under this Agreement.

11. **Waiver**. The failure of either party to insist on strict performance of any of the provisions of this Agreement or to exercise any right it grants will not be construed as a relinquishment or future waiver, rather, the provision or right will continue in full force. No waiver of any provision or right will be valid unless it is in writing and signed by the party giving it.

12. **Accumulation of Remedies**. All remedies available to either party for breach of this Agreement are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy will not be considered an election of the remedy to the exclusion of other remedies.

13. **Applicable Law**. This Agreement will be governed by the laws of California.

14. **Incorporation by Reference**. The terms of any applicable appendix and of any agreements or other materials referred to in this Agreement are incorporated in and made a part of this Agreement.

15. **Notices**. Notices and other communications required by this Agreement will be in writing and will be delivered in the manner and to the addresses specified in the Franchise Agreement.

16. **Entire Agreement**. This Agreement, together with all appendices and other attachments to it, constitutes the entire agreement between the parties and supersedes all prior oral and written agreements. Amendments to this Agreement will not be effective unless in writing and signed by the party against whom enforcement of the amendment is sought.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS TO THE FOREGOING, the parties have signed this Agreement and warrant that their respective signatory whose signature appears below is duly authorized by all necessary and appropriate corporate action to sign this Agreement.

FRANCHISOR

PRIDESTAFF, INC.

Date:________________________________ By:______________________________________

Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

Sign here if Franchisee is an individual or a married couple:*

FRANCHISEE

Dated:________________________________ ____

____

Dated:________________________________ ____

____

**Multiple individuals wishing to enter into this Agreement must form a company to sign as franchisee.*

Sign here if Franchisee is a company: **FRANCHISEE**

Company Name: ____

Date________________________________ By:______________________________________

Name: ____
Title: ____

Franchisee Address: ____

____

ATTACHMENT 5 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

ASSIGNMENT OF TELEPHONE NUMBERS, EMAIL
<u>ADDRESSES, SOCIAL MEDIA ACCOUNTS, AND URL'S AND SPECIAL POWER OF ATTORNEY</u>

1. ______________________ [Franchisee's legal name] ("**Franchisee**"), to induce PrideStaff, Inc. ("**PrideStaff**"), to grant Franchisee a franchise, assigns to PrideStaff all telephone numbers, email addresses, social media accounts and user names, and URL's and listings Franchisee advertises, publicizes, or otherwise makes known to Clients or the public in the operation of a PRIDESTAFF® franchised Office, both now and in the future, in the city where the Office is operated.

2. This assignment will automatically become effective immediately upon Termination (meaning "termination, expiration, or nonrenewal") of Franchisee's PRIDESTAFF® franchise. When the franchise is terminated, Franchisee agrees to do whatever is necessary to cause the companies providing service to the Office to promptly transfer its telephone numbers, email addresses, social media accounts and user names, and URL's and associated directory listings to PrideStaff or its designee.

3. Franchisee agrees to pay these service providers, on or before the date when the franchise is Terminated, all amounts Franchisee owes it in connection with the telephone numbers, including payment for any advertisements or listings in a classified directory or directories. Franchisee further agrees to indemnify PrideStaff for any money PrideStaff must pay the service providers before the service providers will carry out this Agreement.

4. Franchisee appoints PrideStaff as attorney-in-fact to sign any documents and do any things necessary to carry out this Agreement if Franchisee fails to sign or do them within three (3) business days after termination of the franchise agreement. Franchisee further agrees to indemnify PrideStaff for any expenses, including legal fees, that PrideStaff incurs which would not have been incurred if Franchisee had performed as promised under this Agreement.

Sign here if Franchisee is an individual or a married couple:*

FRANCHISEE

Dated:______________________________ ______________________________
____

Dated:______________________________ ______________________________
____

**Multiple individuals wishing to enter into this Agreement must form a company to sign as franchisee.*

Sign here if Franchisee is a company:	**FRANCHISEE**
Company Name:	____
Date________________________________	By:_____________________________________
Name:	____
Title:	____

ATTACHMENT 6 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

LEASE PROVISIONS

Please give this list to your prospective lessor and ask that it be added to the terms of your lease. We normally will not approve leases that do not include substantially similar provisions:

- Lessor will simultaneously give written notice to both PrideStaff, Inc. ("**PrideStaff**"), and Lessee of any default under the lease. If Lessee does not cure any curable default during the time allowed by the lease, PrideStaff may have an additional 15 days within which to cure the default on its own behalf as assignee of the lease. Notice will be directed to PrideStaff at 7535 North Palm Avenue, Suite 101, Fresno, California 93711, Attn: George A. Rogers.

- If the lease is terminated for any reason or if the franchise agreement between PrideStaff and Lessee is terminated for any reason, PrideStaff may enter the leasehold premises for purposes of removing all signs and other materials bearing PrideStaff's trade name, marks or other commercial symbols.

- If the lease is terminated for any reason or if the franchise agreement between PrideStaff and Lessee is terminated for any reason, lessor consents to assignment, without further action on Lessor's part, of the rights and obligations of this lease to PrideStaff. Under these circumstances, Lessor will not unreasonably withhold its consent to assignment of the lease by PrideStaff to another PrideStaff franchisee with qualifications comparable to those of Lessee.

- Lessor may, upon PrideStaff's written request, disclose to PrideStaff all reports, information or data in Lessor's possession regarding sales made in, upon or from the leased premises.

- The leased premises may be used by Lessee only for operation of a PRIDESTAFF® Office.

- The leased premises may not be leased to or used by another temporary staffing firm within 12 months after termination of the lease.

- Lessee acknowledges and agrees that Lessor shall allow PrideStaff to access the leased premises upon PrideStaff's request.

ATTACHMENT 7 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

NONDISCLOSURE AND
NONCOMPETITION AGREEMENT

In consideration of you being a _________________ of _____________________________ ("**Franchisee**"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the undersigned ("**you**" or "**your**") hereby acknowledge and agree that:

1. **Background.** By agreement dated _________________________, 20__ ("**Franchise Agreement**") between Franchisee and PrideStaff, Inc. ("**Company**"), Franchisee has acquired the right and obligation to establish and operate a PrideStaff® business (the "**Business**") under Company's trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin (the "**Marks**") and Company's unique and distinctive format and system relating to the establishment and operation of Businesses (the "**System**"), as they may be changed, improved and further developed from time to time in Company's sole discretion. Company possesses certain confidential information, knowledge or know-how concerning the methods of operation of the Business, including operating manuals and training programs, methods, and materials, which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of the Franchise Agreement. Confidant, as a result of its employment or other relationship with Franchisee may have access to such confidential information, in addition to the confidential information of Franchisee. All references to Company or Franchisee include any of their respective affiliates.

2. **Confidential Information.** As used in this agreement, **"Confidential Information"** means all know-how, methods, techniques, specifications, materials, procedures, information, systems, manuals, trade secrets, records, designs, information, formulas, passwords, and marketing, recruiting, and pricing techniques relating to the Business, the System, Company's business, or Franchisee's business. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, customer information, supplier information, and other confidential information of Franchisee or Company that you obtain during your association with Franchisee. Confidential Information includes materials specifically designated as confidential, as well as other materials deemed by Company or Franchisee to be confidential.

3. **Acknowledgement.** You understand and acknowledge that, as an employee or associate of the Franchisee, Company and Franchisee will disclose some or all of the Confidential Information to you in furnishing to you initial and ongoing training, operations manuals, and other general assistance or guidance during the term of this Agreement.

4. **No Acquisition of Interest.** You will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of Franchisee's business and the Business during the term of the Franchise Agreement or during the period you are employed by or associated with Franchisee.

5. **Nondisclosure of Confidential Information.** You understand and acknowledge that the Confidential Information is proprietary to Company or Franchisee, involves trade secrets of Company or Franchisee, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you will hold in strict confidence all Confidential Information and all other information designated by Company or Franchisee as confidential. Unless Company or Franchisee otherwise agrees in writing, you will disclose and/or use the Confidential Information only in connection with your duties as an employee or associate of Franchisee, and will continue not to disclose or use any such information even after you cease to be associated with Franchisee, unless you can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement. You understand and acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. **Work Product**. You agree not to use any Confidential Information for your personal gain or for purposes of others, whether or not the Confidential Information has been conceived, originated, discovered, or developed, in whole or in part, by you or represents your work product. If you have assisted in the preparation of any information that Franchisee or Company considers to be Confidential Information or have alone prepared or created the information, you assign any rights that you may have in the information as its creator to Franchisee, including all ideas you have made or conceived.

7. **Return of Confidential Information**. Upon the termination or expiration of the Franchise Agreement or upon the termination of your association with Franchisee, you must return to Franchisee or Company, as applicable, all materials considered proprietary by Franchisee or Company and any materials that relate to or contain Confidential Information.

8. **Noncompetition**. You agree and covenant that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Franchisee and Company, you will not, until the expiration of two years after the termination of the relationship between you and Franchisee or the termination or expiration of the Franchise Agreement, engage in, own an interest in, or serve as an officer, director, employee, agent, franchisee independent contractor, partner, shareholder, member or principal, directly or indirectly, or through any organization or any related party or family member, in any business that provides temporary, outsourcing or permanent employment services and that is located within the territory where the franchisee's Business operates or operated (as such territory is defined in the Franchise Agreement).

9. **Independent Covenants.** You agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company or Franchisee is a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

10. **Reduction of Scope**. You understand and acknowledge that Company or Franchisee shall have the right, in its or their sole discretion, to reduce the scope of any covenant

set forth in this Agreement, or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree to comply with any covenant as so modified. If a court or arbitrator should decline to enforce the provisions of this Agreement, the terms of this Agreement shall be considered modified to restrict you from competing with Franchisee and Company to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

11. **Third-Party Beneficiary.** You understand and acknowledge that Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. You understand and acknowledge that you are not an employee or independent contractor of Company, Company does not have any involvement in the terms and conditions of your employment, and, though Company is a third-party beneficiary of this Agreement, you have no privity or relationship with Company. You are aware that your violation of this Agreement will cause Company and Franchisee irreparable harm; therefore, you acknowledge and agree that Franchisee and/or Company may apply for the issuance of an injunction preventing you from violating this Agreement, and you agree to pay Franchisee and Company all the costs it/they incur(s), including legal fees and expenses, if this Agreement is enforced against you. Due to the importance of this Agreement to Franchisee and Company, any claim you have against Franchisee or Company is a separate matter and does not entitle you to violate, or justify any violation of, this Agreement.

12. **Governing Law and Amendments**. This Agreement shall be construed under the laws of the state in which Franchisee has its principal office. Except as provided in Paragraph 10 above, the only way this Agreement can be changed is in writing signed by both the Franchisee and you.

13. **Binding Effect**. This Agreement will bind your heirs, executors, successors, and assignees as though originally signed by them.

YOU:

Signature:______________________________

Name:__________________________________

Address:________________________________

Title:___________________________________

ACKNOWLEDGED BY FRANCHISEE

By:___________________________________

Name:_________________________________

ATTACHMENT 8 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

PERSONAL GUARANTY AND SUBORDINATION AGREEMENT

To induce PrideStaff, Inc. ("**Franchisor**") to enter into, or permit assignment of, a franchise agreement with ____ [franchisee's full legal name] ("**Franchisee**") dated _____________ (the "**Franchise Agreement**"), the undersigned unconditionally, jointly and severally, personally guaranty to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations, including all provisions applicable to dispute resolution, arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement were signed between Franchisor and the undersigned, as franchisee, directly.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guarantee, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor, (ii) any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement, (b) proceed against or exhaust any security from Franchisee, (c) take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guarantee, or (d) pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee, (iii) any benefit of, any right to participate in, any security now or hereafter held by Franchisor, and (iv) acceptance and notice of acceptance by Franchisor of the undersigned's undertakings under this Guarantee; all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; protest; notices of dishonor; and notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and any other notices and legal or equitable defenses to which any of the undersigned may be entitled. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any guarantor, make advances for the purpose of performing any obligations of Franchisee under the Agreement, assign the Agreement or the right to receive any sum payable thereunder, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement. Franchisor shall have no present or future duty or obligation to the undersigned under this Guarantee, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to Franchisor.

In addition, the undersigned each waive any defense arising by reason of any of the following: (i) any disability or any counterclaim or right of set-off or other defense of Franchisee, (ii) any lack of authority of Franchisee with respect to the Agreement, (iii) the cessation from any cause whatsoever of the liability of Franchisee, (iv) any circumstance whereby the Agreement shall be void or voidable as against Franchisee or any of Franchisee's creditors, including a trustee in bankruptcy of Franchisee, by reason of any fact or circumstance, (v) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder; provided, however, that the undersigned do not waive any defense arising from the due performance by Franchisee of the terms and conditions of the Agreement, (vi) any right or claim of right to cause a marshaling of the assets of Franchisee or any other guarantor, and (vii) any act or omission of Franchisee.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

The undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

The undersigned further agrees that as long as the Franchisee owes any money to Franchisor (other than royalty and advertising fund payments that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

In connection with any litigation or arbitration to determine the undersigned's liability under this Personal Guaranty, the undersigned expressly waives the undersigned's right to trial by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

If this Personal Guaranty is signed by more than one individual or if more than one Personal Guaranty has been signed, each person signing a Personal Guaranty will be jointly and severally liable for the obligations created in it. Each of the undersigned represents and warrants that the following table is complete and accurate:

Names	Percentage of Ownership in Franchisee
	%
	%
	%
	%
	%

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, the undersigned sign and deliver this guaranty.

____
(Sign)

______________________________, individually
(Print Name)

____
(Sign)

______________________________, individually
(Print Name)

____
(Sign)

______________________________, individually
(Print Name)

____
(Sign)

______________________________, individually
(Print Name)

ATTACHMENT 9 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND ______________________________
DATED __________

MINIMUM PERFORMANCE STANDARD

(a) If your franchise is for a new franchised PrideStaff business, the Minimum Performance Standard is as follows:

MINIMUM PERFORMANCE STANDARD	
Agreement Year	**Gross Margin from Temporary Staffing Services**
Agreement Year 1	$125,000
Agreement Year 2	$250,000
Agreement Year 3	$375,000
Agreement Year 4	$500,000
Agreement Year 5	$500,000

In Agreement Year 1, the Gross Margin from Temporary Staffing Servies will be prorated based on the number of days remaining in Agreement Year 1 from the date that the Franchised Business opens for business. For example, if the Franchised Business opens for business 120 days after the Effective Date, the prorated Minimum Performance Standards will be (x) 245 remaining days in Agreement Year 1 divided by 365 days in Agreement Year 1 multiplied by (y) $125,000 (the Gross Margin listed in the table), which equals $83,904.

(b) If your franchise is for a resale or renewal franchised PrideStaff business, the Minimum Performance Standard is as follows:

MINIMUM PERFORMANCE STANDARD	
Agreement Year	**Gross Margin from Temporary Staffing Services**
Agreement Year 1	$___________
Agreement Year 2	$___________
Agreement Year 3	$___________
Agreement Year 4	$500,000
Agreement Year 5	$500,000

(Note: the chart above will be completed by inserting for the first (1st) Agreement Year one hundred and ten percent (110%) of the Minimum Performance Standard (i) of the last year under your old franchise agreement, if this is a renewal franchise, or (ii) of the last full Agreement Year under the franchise agreement of your transferor, if this is a resale franchise; and then inserting pro rata increases for the second, third and fourth Agreement Years to reach the Minimum Performance Requirement of $500,000 for the fourth and fifth Agreement Years.)

Sign here if Franchisee is an individual:

FRANCHISEE

Dated:______________________________ ____

Print Name: ____

Sign here is Franchisee is a company.

FRANCHISEE

Print Company Name: ____

Date________________________________ By:_____________________________________

Print Name: ____

Print Title: ____

PrideStaff accepts the location described above.

FRANCHISOR

PRIDESTAFF, INC.

Date:_______________________________ By:_____________________________________

Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

EXHIBIT D-1

CURRENT FRANCHISEES

FRANCHISEES WITH OPEN OFFICES AS OF DECEMBER 31, 2025

Alabama

CK 2 Solutions, Inc.
80 McFarland Boulevard, Suite 3
Northport, AL 35476
(205) 440-3729
Kim and Chris Tillery

Arizona

Agape Solutions, Inc.
432 North Litchfield Road, Suite 316
Goodyear, AZ 85338
(623) 215-2631
Rhae and Debbie Buckley

CMG Creations LLC
7250 North 16th Street, Suite 300
Phoenix, AZ 85020
(480) 777-0707
Celine Rasborn

CMG Creations LLC
201 East Southern Avenue, Suite 210
Tempe, AZ 85282
(480) 467-3200
Ann and Dave Gilbert

California

RGReddy, LLC
2710 Loker Avenue West, Suite 160
Carlsbad, CA 92010
(760) 438-0161
Bob Reddy

RMCO, LLC
20 Corporate Park, Suite 225
Irvine, CA 92606
(949) 250-1444
Michelle Langley

ElitePath Management Group, Inc.
28231 Marguerite Parkway, Suite 5
Mission Viejo, CA 92692
(949) 429-3330
Yvonne Haner

MRH Impact Enterprises LLC
25186 Hancock Avenue, Suite 320
Murrieta, CA 92562
(951) 999-4320
Mike Harris

MRH Impact Enterprises Tres LLC
3281 East Guasti Road, Suite 470
Ontario, CA 91761
(909) 316-6003
Mike Harris

M2C3, Inc.
300 Harding Boulevard, Suite 208
Roseville, CA 95678
(916) 757-6100
Craig and Mary Ryder

Rey Coastal Holdings, LLC
1660 Hotel Circle North, Suite 320
San Diego, CA 92108
(858) 453-7823
Stennett Rey II

L.J. Donahue. Inc.
1150 North First Street, Suite 130
San Jose, CA 95112
(408) 298-6775
Linda Donahue
Laney Donahue-Nott

DTK Business Solutions, LLC
123 South Church Street
Visalia, CA 93291
(559) 734-4002
Daren Kneeland

Blue Heron APAN Enterprises, Inc.
1901 Olympic Boulevard, Suite 200
Walnut Creek, CA 94596
(925) 948-8584
Patricia Dower

KAB Corp.
250 North Westlake Boulevard, Suite 100
Westlake Village, CA 91362
(805) 813-8431
Kevin and Beverlie Dunbar

M2C3, Inc.
2568 Industrial Boulevard, Suite 105
West Sacramento, CA 95691
(530) 661-3405
Craig and Mary Ryder

Colorado
Happy Bulldog, Inc
3401 Quebec St., Ste 5020
Denver, CO 80207
(720) 420-9389
Yancey Warnock

Connecticut
CIBRINK, Inc.
2275 Silas Deane Highway, Suite 13
Rocky Hill, CT 06067-2329
(860) 773-0059
Jon Brink

Florida
Becker Holdings Inc.
50 South Belcher Road, Suite 117
Clearwater, FL 33765
(727) 748-4141
Matt and Amanda Becker

JEMNS, LLC
8400 NW 36th Street, Suite 450
Doral, FL 33166
(305) 299-5300
Jonathan Hall

AspireHigher, LLC
5272 Summerlin Commons Way, Suite 604
Fort Meyers, FL 33907
(239) 356-3600
Patrick and Lisa Gunther

RCan Don't Quit Corp.
8751 West Broward Boulevard, Suite100
Plantation, FL 33324
(754) 800-2850
Robert and Carmen Calamia

TJB Enterprises of Tampa Bay, LLC
5421 Beaumont Center Boulevard, Suite 644
Tampa, FL 33634-5200
(813) 560-8780
Amanda and Matt Becker

GR8 Aspirations, LLC
701 Northpoint Parkway, Suite 220
West Palm Beach, FL 33407
(561) 471-0828
Marina Grasso and Jeff Riggs

Georgia
Daedalus Investment Group
1240 Highway 54 West, Suite 303
Fayetteville, GA 30214
(678) 228-8896
Erica and Randy Walker

MTMcGraw Company, Inc.
235 Pearl Nix Parkway, Suite 5
Gainesville, GA 30501
(678) 343-9494
Mike & Ashley McGraw

B&D Donaldson Ventures, Inc.
1925 Vaughn Road Northwest, Suite 125
Kennesaw, GA 30144
(770) 999-0691
Brian Donaldson

The Leo Murphy Group, LLC
5950 Live Oak Parkway, Suite 200
Norcross, GA 30093
470-865-6749
Leo Murphy

Illinois
LewisReed, Inc.
902 IAA Drive, Suite 2C
Bloomington IL, 61701
(309) 661-1906
Sam and Terri Lewis

ANSU, Inc.
16614 West 159th Street, Suite 305
Lockport, IL 60441
(815) 730-3760
Ana Muñoz
Angelo and Susan Ippolito

Kentucky
SNR Enterprises, LLC
2406 High Street
Crescent Springs, KY 41017
(859) 474-6100
Steve & Carla Romanelli

Maryland
Patuxent Pride, Inc.
7130 Minstrel Way, Suite 240
Columbia, MD 21045
(443) 546-4814
Aaron Silver

Michigan
AMAZ, Inc.
29856 Northwestern Highway
Southfield, MI 48034-1082
(248) 621-7100
Firas and Zina Kajy

Minnesota
Radhov, Inc.
4634 85th Avenue North
Brooklyn Park, MN 55443
(763) 999-4390
Tim and Molly Radaich

Mississippi
Payroll Plus, Inc.
5910 US Highway 49, Suite 5
Hattiesburg, MS 39401
(Also operates at 28 Pass Road, Suite 500
Gulfport, MS 39507)
(601) 582-8881
Gary Carmichael

Nevada
Faith Conquers All, Inc.
2110 East Flamingo Road, Suite 301
Las Vegas, NV 89119
(702) 395-5314
Bob Daniel

New Jersey
Ziel, LLC
295 Pierson Avenue
Suite 105
Edison, NJ 08837
(732) 810-0900
Manisha Subramanian

Get Connected LLC
2098 Brunswick Avenue, Unit 1
Lawrence Township, NJ 08648
(609) 218-6808
Kasim Neal

DGB, 723, Inc.
1132 Spruce Drive, Suite 2B
Mountainside, NJ 07092
(862) 701-6950
Dino and Giselle Bavaro

New York

ADZ Staffing Co., Inc.
1121 Walt Whitman Road, Suite 202
Melville, NY 11747
(631) 752-7777
Aaron Zweback

PBG Holdings USA, LLC
218-14 Hempstead Avenue, Level C Suite 1
Queens Village, NY 11429-1235
929.733.7200
Paul Matthews

North Carolina

Austin Edge Company
5 Regent Park Boulevard, Unit 102
Asheville, NC 28806
(828) 782-3392
Allison & Chad Austin

Austin Edge Company
5701 Westpark Drive, Suite 204
Charlotte, NC 28217
(704) 237-4103
Allison & Chad Austin

Ohio

The Pratt Group, Inc.
1936 Buchholzer Boulevard
Akron, OH 44310
(330) 510-5700
Kevin Pratt

Cardinal Paragon, LLC
175 East Alex Bell Road, Suite 260
Centerville, OH 45459
(937) 965-0765
Jamie Cavallo

Irish Family Incorporated
2471 Hilliard Rome Road
Hilliard, OH 43026
(614) 721-1060
Bill Gross

WILDWESTWYOT, Inc.
1077 State Route 28, Suite 208
Milford, OH 45150
(513) 334-4040
John Gemrich
Jeff Huston

RO Ventures, Inc.
156 Clint Drive
Pickerington, OH 43147
(614) 626-3770
David Rosen

WILDWESTWYOT, INC.
8738 Union Centre Boulevard
West Chester, OH 45069
(513) 889-2954
John Gemrich
Jeff Huston

Oregon

ACTOS, Inc.
12600 South West Crescent Street, Suite108
Beaverton, OR 97005
(971) 371-4028
Robert Cohen

AME High, Inc.
2214 Northeast Division Street, Suite 202
Bend, OR 97703
(541) 797-6941
Matt and Ashley Ertle

Pennsylvania

JC4, Inc.
3400 Bath Pike, Suite 202
Bethlehem, PA 18017
(484) 550-7610
Jill Odzer

South Carolina

Bronze Horizon, Inc.
609 Haywood Road
Greenville, SC 29607
(864) 987-9006
Gary Brons
Robert Scanlon

Tennessee

Superior Image, Inc.
178 North Seven Oaks Drive
Knoxville, TN 37922
(865) 444-6449
Paul Shands

J Thacker, Inc.
4485 Poplar Avenue
Memphis, TN 38117
(901) 685-5627
Jeremy Thacker

Lakeside Legacy, LLC
2603 Elm Hill Pike, Suite G
Nashville, TN 37214
(615) 884-5422
Tom Murphy

Texas

Agape Origins, Inc.
1806 North Velasco Street, Suite A
Angleton, TX 77515
(281) 984-4333
Mark Tate

ARLINN Services, Inc.
14850 Quorum Drive, Suite 205
Dallas, TX 75254
(Also operates at 2591 Dallas Parkway, Suite 300, Frisco, TX 75034 and 320 Decker Drive, Suite 006, Irving, TX 75062)
(972) 661-1616
Amy Linn
Julie Vicic

Van Dynamics Inc.
6777 Camp Bowie Blvd, Suite 410
Fort Worth, TX 76116
(682) 503-1215
Clay Van Dyke

Eliada, Inc.
3040 FM 1960 Road East, Suite 108
Houston, TX 77073-2600
(832) 615-0261
Mark Miksa

JPS Staffing, LLC
2400 Augusta, Suite 103
Houston, TX 77057
(713) 953-1800
Jonathan Smith

Maebelle, Inc.
12337 Jones Road, Suite 118
Houston, TX 77070
(832) 604-2255
Michael Troyer
Amanda Hatch

Virginia

Zeda Enterprises, LLC
6476 Cheyenne Drive
Alexandria, VA 22312
(571) 567-9753
Motola Dare

J2 Holdings, Inc.
151 Spring Street, Suite 100
Herndon, VA 20170
(703) 214-5260
Jim Betz
Jeff Wilsey

Washington

Mission One, Inc.
110 2nd Street SW, Suite 125
Auburn, WA 98001
(206) 677-6662
Tony Garcia

FRANCHISE AGREEMENT SIGNED,
BUT OFFICE NOT OPENED AS OF 12/31/2025

Nebraska

12125 Montauk Drive
Papillion, NE 68046
(402) 250-9621
Dylan Casey

Texas

Antioch Bam Company
2080 N Highway 360, Suite 435
Grand Prairie, TX 75050
(469) 270-8311
Jake Yoon

EXHIBIT D-2

FORMER FRANCHISEES AND TRANSFERRED FRANCHISEES

Franchisees that Left the System in 2025
(Franchised Offices Previously Opened)

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Alabama

Katrina Cade
Birmingham S, AL
(205) 533-0254
(Ceased Operations)

Colorado

John Bohannon
Arvada, CO
(720) 279-0960
(Reacquired by Us)

Florida

Kris Mydam
Tampa, FL
(813) 819-3155
(Ceased Operations)

Georgia

Paige & David Ratonyu
Atlanta Central, GA
(404) 334-3677
(Ceased Operations)

Carly Burdock
Cumming, GA
(770) 265-5851
(Ceased Operations)

Jack Gregory
Pooler (Savannah), GA
(214) 215-4738
(Terminated)

Illinois

Glenn O'Brien
Chicago Central Western Suburbs, IL
(630) 246-7837
(Ceased Operations)

Michigan

Matt Blok
Grand Rapids, MI
(616) 871-2900
(Ceased Operations)

Minnesota

Jerry & Jane Bergstrom
Minneapolis, MN
(612) 669-9875
(Transfer)

North Carolina

Della Taylor
Asheville, NC
(828) 767-9550
(Transfer)

Ohio

Cheryl Eckelman
Milford, OH
(513) 334-4040
(Transfer)

Texas

Therese Calderon
San Antonio N, TX
(281) 507-7523
(Reacquired by Franchisor)

Franchisees Agreement Terminated in 2025 but Franchised Office Never Opened

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Abedallah Cahla
Huntington Park, CA
(562) 618-8844

James Jackson
Columbus N, OH
(614) 384-1267

EXHIBIT E

PrideStaff Training Manual
Table of Contents

Business Management Manual
Table of Contents

Sales Coaching Workbook
Table of Contents

Strategic-Partners Manual
Table of Contents

Total Number of Pages: 540

EXHIBIT F

E-MAIL AND INTERNET POLICY

PRIDESTAFF®

E-MAIL AND INTERNET POLICY

PRIDESTAFF STRATEGIC-PARTNERS

I, ___________________________, acknowledge that while opening, operating and owning a PrideStaff franchise I will have access to their computer systems, which may include but is not limited to: computers, computer files, software, company records, electronic mail communication, and use of the internet.

I understand and agree to the following guidelines for the duration of my franchisor/franchisee relationship with PrideStaff: (As you review each section, initial that you have read and agree with the statement.)

_____ Electronic information, including e-mail, use of the internet, and all other computer-related files of PrideStaff is confined solely to business purposes and in no event may be used in a way that may be harmful to morale, offensive to others, disruptive to business operations, or for any unauthorized personal reasons. To ensure compliance with this policy, I understand that PrideStaff may monitor computer usage and e-mail.

_____ PrideStaff strives to maintain a franchise network free of harassment and one that is sensitive to the diversity of its Strategic-Partners. Therefore, the display of sexually explicit messages or cartoons, or any display, transmission or use of electronic information communications that contain ethnic slurs, gender-specific comments, off-color jokes, racial epithets or any content that may be construed as harassment or disparagement of others based on race, sex, color, ancestry, religious creed, national origin, physical or mental disability, medical condition, age, marital status, sexual orientation or any other protected class is strictly prohibited.

_____ The use of PrideStaff systems to solicit others for non-company commercial ventures, outside organizations, religious or political causes or other non-business-related matters is strictly prohibited.

_____ Strategic-Partners should not use a password, access a file, or retrieve any stored communication without authorization.

_____ Strategic-Partners must comply with all mandatory System standards relating to their use of a website, social media, and other electronic media in connection with their PrideStaff office, as PrideStaff periodically modifies them.

_____ Unless authorized by the software developer, PrideStaff does not have the right to reproduce such software for use on more than one computer. Strategic-Partners may only use software on wide area networks or on multiple machines according to the Software Licensing Agreement. PrideStaff prohibits the illegal duplication of software and its related documentation. The unauthorized use, installation, copying, or distribution of copyrighted, trademarked, or patented material on the internet is expressly prohibited.

_____ All messages are the property of PrideStaff and PrideStaff reserves the right to intercept, access, audit, review, inspect, retain, and disclose all messages sent over its electronic mail system irrespective of their original purpose and irrespective of the file in which they are contained.

_____ E-mail services shall not be used for purposes that could reasonably be expected to cause, directly or indirectly, excessive strain on any computing facilities, or unwarranted or unsolicited interference with others' use of e-mail services to: (a) send or forward e-mail chain letters; (b) "spam," that is, to exploit listservers or similar broadcast systems for purposes beyond their intended scope to amplify the widespread distribution of unsolicited e-mail; and (c) "letter-bomb," that is, to resend the same e-mail repeatedly to one or more recipients to interfere with the recipient's use of e-mail.

Strategic-Partners should immediately notify the PrideStaff IT Department, upon learning of any violations of this policy.

I hereby verify that I have read, understood, and acknowledge the above policy concerning "Electronic Information."

____

Strategic-Partner Signature Date

EXHIBIT G

STATE ADDENDA

The following are additional disclosures for the Franchise Disclosure Document of PrideStaff, Inc. as required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

1. <u>No Waiver of Disclaimer of Reliance in Certain States</u>. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

> No statement, questionnaire or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

<u>Hawaii</u>

The following statement is added to the Disclosure Document:

> THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
>
> THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
>
> THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

> No statement, questionnaire or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

Illinois

1. The following statements are added to the end of Item 17 of the Franchise Disclosure Document:

> Except for the Federal Arbitration Act that applies to arbitration, Illinois law shall apply to and govern the Franchise Agreement.
>
> In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
>
> Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
>
> In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Maryland

1. The last paragraph in Item 12 under the heading "**Minimum Performance Standards**" and the "Summary" sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Disclosure Document are amended by adding the following:

Any general releases you sign as a condition of renewal and/or assignment/transfer/sale will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. The "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**, of the Disclosure Document is amended by adding the following:

The agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

3. The "Summary" section of Item 17(v), entitled **Choice of Forum**, of the Disclosure Document is deleted and replaced with the following:

A franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of Item 17 of the Disclosure Document:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Minnesota

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. **Trademarks**. The following language is added to the end of the next-to-last paragraph of Item 13 of the Franchise Disclosure Document:

Despite the foregoing, if you have complied with all of our requirements that apply to the Marks, we will protect your right to use the Marks and indemnify you from any loss, costs, or expenses arising out of any claims, suits, or demands regarding your use of the Marks, in accordance with Minn. Stat. Sec. 80C.12, Subd. 1(g).

2. The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any

way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

The Agreement states the cure periods for various types of defaults that may lead to termination or non-renewal. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 286Q.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter SOC, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Any claim under Minn. Stats. Chapter 80C. is a non-waivable statutory claim.

Section 11.9 of the Agreement (Limitation of Actions) says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within 1 year after the party knows or should know the facts on which the petition is based. In spite of this, any claims arising under Minn. Stats. § 80C may be brought for 3 years after the cause of action accrues.

Rhode Island

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v of the disclosure document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

Virginia

In recognition of the restrictions contained in Section 13.1 564 of the Virginia Retail Franchising Act, the franchise disclosure document for PrideStaff, Inc., for use in the Commonwealth of Virginia is amended as follows:

1. The following statements are added to Item 17.h.: Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or

Development Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. The following statements are added to Item 17.r. of the FDD and Section 8.6 of the Franchise Agreement: Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

3. The following statements are added to Item 17.w. and Section 11.2 of the Franchise Agreement: Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

EXHIBIT H

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	April 15, 2026 (exempt)
Hawaii	Pending
Illinois	April 15, 2026 (exempt)
Indiana	April 15, 2026 (exempt)
Maryland	Pending (exempt)
Michigan	April 15, 2026
Minnesota	Pending
New York	April 15, 2026 (exempt)
North Dakota	Pending (exempt)
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending (exempt)
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I-1

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A-1.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows:

❑ Paula Pizarro ❑ Noelle Sklar ❑ Jonas Wilber ❑ _______________ ❑ ________________ ❑ ___________________
at 7535 North Palm Avenue, Suite 101, Fresno, CA 93711, (800) 774 3316.

We authorize the agents listed in Exhibit A-2 to this disclosure document to receive service of process for us.

Issuance Date: April 15, 2026

On ________________________, I received a disclosure document issued April 15, 2026, that included the following exhibits:

Exhibit

A	List of State Agencies/Agents for Service of Process	E	Table of Contents of Manuals
B	Financial Statements	F	Email and Internet Policy
C	Franchise Agreement and State-Specific Addendum	G	State Addenda
D	(1) Current Franchisees (2) Former Franchisees and Transferred Franchisees	H	State Effective Dates Page
		I	Receipts

______________________________ ______________________________
Date Prospective Franchisee [Print Name]

____
(Date, Sign, and Keep for Your Own Records) Prospective Franchisee [Signature]

EXHIBIT I-2

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A-1.

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		I	Receipts

______________________________	______________________________
Date	Prospective Franchisee [Print Name]
	______________________________
(Date, Sign, and Return to Us)	Prospective Franchisee [Signature]