

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount¹	Method of Payment²	When Due	To Whom Payment is to be Made
INITIAL FRANCHISE FEE ³	\$75,000 - \$210,000	Lump Sum	At Signing	Us
REAL ESTATE, FIXTURES, LEASEHOLD IMPROVEMENTS, AND UTILITY DEPOSITS ⁴	\$1,500 - \$15,000 (varies depending on the market)	As Arranged	As Arranged	Property Mgt. Co.
INITIAL SUPPLIES AND INVENTORY ⁵	\$500 - \$1,000	As Incurred	As Incurred	Suppliers
EQUIPMENT ⁶	\$2,800 - \$5,450	Lump Sum/ Installment	Before Opening	Suppliers
LICENSES, PERMITS, SECURITY DEPOSITS, ETC. ⁷	\$750 - \$5,000	Lump Sum	Before Opening	Government Agencies, Utilities
INSURANCE ⁸	\$1,000 - \$3,500	As Incurred	As Incurred	Suppliers
TRAINING ⁹	\$3,000 - \$6,000	As Incurred	As Incurred	Airlines, Hotels, Restaurants, and other Suppliers Unknown
ADDITIONAL FUNDS ¹⁰ (6 months)	\$25,000 - \$100,000	As Incurred	As Incurred	Retained by You (Paid to Vendors/ Employees)
TOTAL	\$109,550 - \$345,950			

Notes:

1. These expenses are estimates. We urge you to consult with experience financial and legal advisors who can assist you in analyzing your potential expenses and developing a business plan and financial projections for your particular Master Franchise. These estimates are based on costs and expenses as would be incurred to establish a Master Franchise in a non-union market. Your costs and expenses may be higher if you establish a Master Franchise in a union market. These estimates may vary with factors such as the size of the Territory, its location, economic conditions, local conditions, local code or other requirements (e.g., union labor), availability of materials and labor, taxes, interest rates and other items. The estimates do not take into account any financing charges, inflation, compensation for your time or labor, rent or interest payable before the Master Franchise opens for business or related costs which you may have to pay. For the estimated range of costs, SBS has relied on its and its founders' experience in the cleaning industry, as discussed in Items 1 and 2 of this Disclosure Document. With respect to fees payable to us, such fees are not refundable.

2. Payments are not refundable unless permitted by the payee.

3. As described in Item 5, your initial franchise fee will range from \$75,000 to \$210,000, depending primarily on your Territory's population size. Currently, the smallest territory we grant is for an area having a population of 500,000 people (for an initial fee of \$75,000), and the largest territory we grant is for an

Time to Open

The typical length of time between the signing of the Master Franchise Agreement or the first payment of any consideration for the Master Franchise and the opening of your business is eight weeks and depends on a number of factors including: finding an approved office site, completing your training program; obtaining the required business permits and licenses, acquiring inventory, equipment and supplies; obtaining financing (if applicable); and hiring and training your employees.

Computer Systems

You must purchase or lease, and maintain, a computer system(s) that is capable of running the business solutions software we require, which includes the required ERP software application (Opus), the required CRM system, QuickBooks online accounting software, an e-mail address, and a suite of Google products. The approximate monthly fee to use QuickBooks online is \$100 to \$500 per month. The approximate cost of the required CRM system is \$80 per user per month, after a one-time start-up fee of \$1,000. For the typical arrangement involving three users, the total first-year cost is approximately \$3,830. The approximate cost of purchasing a computer system ranges from \$850 to \$2,000 per user. We reserve the right to require you to pay some or all of these fees to us, some or all of which we will remit to the applicable vendors.

SBS will have independent access to your computer data and information. In addition, SBS can review, inspect, audit and make copies of all of your Master Franchise's financial records. Therefore, you must give us your passwords and other information necessary to access your computer software and computer-stored files, so that we can perform an inspection or audit. (See Section X(C) of the Master Franchise Agreement.) Furthermore, SBS can assume the responsibility for your computerized or manual billing and accounting services, if certain circumstances as outlined in the Master Franchise Agreement arise. (See Section XVI(A) of the Master Franchise Agreement.)

You must keep your computer system in good maintenance and repair and install all additions, changes, modifications, substitutions, and/or replacements to your computer system and required business solutions software as we may reasonably direct periodically in writing, all at your own expense. You must upgrade or update your computer system and business solutions software at your expense as we may require. There is no limitation on how often we may require these upgrades or the cost of these upgrades. We and our affiliates have no obligation to provide ongoing maintenance, repairs, upgrades, or updates. [There are no required or optional maintenance updating, upgrading or support contracts for the cash registers or computer systems.](#)

Training

Training Program

Training Phase	Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Phase I (Week 1)	Business overview	4	0	Varies based on site availability but generally held in Midwest, U.S.
	Franchise Sales	12	4	
	Operations Overview	3	1	
	Inside Sales	2	4	
	Customer Contract Sales Overview	2	4	
	Opus, Accounting, HR & Back offices	6	2	

ITEM 18 PUBLIC FIGURES.

SBS does not use any public figure to promote our franchise, although you are not restricted from doing so.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The 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 this 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.

We present three sets of figures and charts [with historic financial data concerning outlets in our franchise system. In particular,](#) below in this Item 19 for certain affiliate owned and master franchise regions as December 31 of the reporting year (each, a “Reporting Region”).

- Section 1 below includes a table presenting average and median annual Gross Revenues figures for the Reporting Regions that have operated for longer than 12 months.
- Section 2 below includes graphs illustrating average and median annual Gross Revenues figures during the 2024 calendar year for the Reporting Regions that have operated for longer than 12 months, presented based on years of operation.
- Section 3 below includes graphs illustrating average and median annual Gross Revenues figures during the 2024 calendar year for the Reporting Regions, presented based on the financial performance (reflected in “tiers”). The performance of all affiliate owned and master franchise regions is included in this Section, regardless of their length of operation.

A master franchise business requires significant ramp-up time to achieve operational capacity, as master franchisees prepare their own franchise documents, identify and sign up unit franchises, and begin locating commercial contracts on behalf of their unit franchisees. As a result, the revenues of a master franchise business during its first 12 months of operation can vary tremendously and are less predictive of its long-term revenues over the 15-year term of the Master Franchise Agreement.

To assist you in reviewing the financial performance representations in this Item 19, “Gross Revenues” represents the actual amount of dollars received by the Reporting Region from customer revenue (including revenue from special services provided by unit franchisees), plus the franchise fees paid by unit franchisees during the calendar year. The annual Gross Revenues numbers for Reporting Regions are based on reports pulled from the CRM system (which, for our master franchise regions is based on data they enter).

Note that Stratus master franchisees do not typically operate janitorial services businesses themselves. They are, rather, engaged in the business of franchising and providing administrative support to their unit franchisees, which are operating such cleaning services businesses.

EXHIBIT A
LIST OF STATE ADMINISTRATORS

<p>California Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7500</p> <p>Agent for Service of Process: Commissioner of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, California 95834 (866) 275-2677</p>	<p>Maryland Maryland Securities Division Franchise Examiner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-7042</p> <p>Agent for Consent of Service of Process: Maryland: Securities Commissioner 200 Saint Paul Place Baltimore, Maryland 21202-2020</p>	<p>New York NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, New York 10005 (212) 416-8222</p> <p>Agent for Service of Process: Secretary of State 99 Washington Avenue Albany, New York 12231</p>	<p>South Dakota Division of Insurance Securities Regulation 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p> <p>Agent for Service of Process: Director of the Division of Securities Division of Insurance Securities Regulation 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501</p>
<p>Hawaii Department of Commerce & Consumer Affairs Commissioner of Securities of the State of Hawaii Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p>Agent for Service of Process: Commissioner of Securities State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813</p>	<p>Michigan Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117</p> <p>Agent for Service of Process: Michigan Department of Commerce, Corporations</p>	<p>North Dakota North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 14th Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p> <p>Agent for Service of Process: Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 14th Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p>	<p>Virginia State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p> <p>Agent for Service of Process: Clerk, State Corporation Commission P.O. Box 1197 Richmond, Virginia 23219</p>
<p>Illinois Office of Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4436</p> <p>Agent for Service of Process: Illinois Attorney General 500 South Second Street Springfield, Illinois 62706</p>	<p>Minnesota Commissioner of Commerce Minnesota Department of Commerce 85 <u>Seventh7th</u> Place East, Suite <u>500280</u> St. Paul, Minnesota 55101-2198 (651) <u>296-6328</u>, <u>539-1600</u></p> <p>Agent for Service of Process: Commissioner of Commerce 85 <u>Seventh7th</u> Place East, <u>Suite 280</u> St. Paul, Minnesota 55101</p>	<p>Oregon Department of Insurance & Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387md9</p>	<p>Washington Administrator Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760</p> <p>Agent for Service of Process: Administrator of Securities Department of Financial Institutions 150 Israel Road SW Tumwater, Washington 98501</p>
<p>Indiana Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681</p> <p>Agent for Service of Process: Secretary of State 201 State House Indianapolis, Indiana 46204</p>	<p>Missouri</p> <p>Agent for Service of Process: 1976 Innerbelt Business Center Drive St. Louis, Missouri 63114 (314) 731-2000</p>	<p>Rhode Island Division of Business Regulation Division of Securities 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, Rhode Island 02920-4407 (401) 462-9527</p> <p>Agent for Service of Process: Director of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, Rhode Island 02920-4407</p>	<p>Wisconsin Franchise Administrator Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, Wisconsin 53701 (608) 266-2801</p> <p>Agent for Service of Process: Commissioner of Securities Office of the Commissioner of Securities 201 W. Washington Ave., 3rd Floor Madison, Wisconsin 53703</p>

order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the Master Franchise Agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements- No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts-- Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the Rev. April 2, 2024 time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

Each provision of this Addendum to the Disclosure Document will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 are met independently without reference to this Addendum to the Disclosure Document.

**ADDENDUM TO THE SBS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR MINNESOTA MASTER FRANCHISEES**

1. The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, subdivisions 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 for non-renewal of the franchise agreements.

2. The following statement is added to the State Cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

4. The following statement is added to Item 17:

Minnesota Rule 2860.4400J, among other things, prohibits us from requiring you to waive your rights to a jury trial.

5. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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 any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Addendum.

7. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

8. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

98. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.