



FRANCHISE DISCLOSURE DOCUMENT

M & R Cleaning Solutions LLC d/b/a Stratus Building Solutions of Milwaukee

Stratus Building Solutions of Milwaukee

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M & R Cleaning Solutions LLC d/b/a Stratus Building Solutions of Milwaukee (“Stratus Milwaukee”) grants franchises (“Unit Franchises”) to independent businesses, giving these businesses the right to provide commercial cleaning and maintenance services to interior and exterior environments of business and residential locations within a designated territory under the Stratus name and marks.

The total estimated initial investment necessary to begin operation of a Stratus unit franchise ranges from \$4,450 to \$79,750. This includes the initial franchise fee which must be paid to Stratus Milwaukee which is \$3,600 to \$69,000, depending on the type of a franchise plan you choose and whether or not we finance your initial franchise fee. You will also be required to purchase certain supplies and equipment prior to servicing your first client. The cost of the basic initial supplies and equipment is estimated at \$650 to \$2,000.

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 fourteen (14) calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

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, like 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 can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at

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: July 22, 2024.

How to Use This Franchise Disclosure Document

Here are some questions that 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, D-2, E.
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 Exhibits F-1 and F-2 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 Stratus 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 Stratus unit franchisee?	Item 20 or Exhibits D-1, D-2, E lists 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 C.

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, arbitration and/or litigation only in Wisconsin. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Wisconsin than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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EXHIBITS:

A	Franchise Agreement	F-1	Financial Statements of Stratus Milwaukee
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ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Throughout this Disclosure Document, “we”, “us”, or “our” means M & R Cleaning Solutions LLC d/b/a Stratus Building Solutions of Milwaukee, a Wisconsin limited liability company, the regional franchisor (“Stratus Milwaukee”). “You,” “your,” or “the Franchisee” means the business entity (i.e., corporation, limited liability company, or partnership) that actually purchases the franchise from us, as well as the shareholders, members, partners, or other owners of that entity. The entity buying the franchise is referred to as “you” or “your” in the franchise agreement attached as Exhibit A of this Disclosure Document (the “Franchise Agreement”).

Background of the Stratus System

SBS Franchising LLC (“SBS Franchising”) has developed a business method for the operation of commercial cleaning and maintenance businesses to be operated in accordance with the Stratus system of specifications and operating procedures and in accordance with its brand standards (“System”). The System is identified by the service marks “Stratus” and “Stratus Building Solutions,” and such other marks and logos as SBS Franchising prescribes from time to time (“Marks”). The Marks and certain other intellectual property associated with the System are owned by Diversified Royalty Corp., a Canadian public company listed on the Toronto Stock Exchange (“Trademark Owner”). Trademark Owner licenses the Marks to SBS Franchising, and SBS Franchising licenses the Marks to us.

SBS Franchising sells master franchises (each a “Stratus Regional Franchise”), similar to the business that we currently operate, to Stratus regional franchisees (each a “Stratus Regional Franchisee”). SBS Franchising grants each Stratus Regional Franchisee the right in a specific territory (“Region” or “Territory”) to sell unit franchises for independent businesses to operate commercial cleaning and building maintenance care businesses under the System and the Marks. These unit franchises are similar to the business that you will operate.

The Stratus Regional Franchisee assists unit franchises to acquire cleaning customers, provides training to unit franchises to assure compliance with the System’s brands standards, and provides certain additional support to those unit franchisees. Stratus Regional Franchisees typically do not provide cleaning services.

SBS Franchising and its Predecessor and Affiliates

SBS Franchising is a Delaware limited liability company with its principal place of business at 10530 Victory Blvd., North Hollywood, CA 91606, (888) 479-7575. SBS Franchising acquired the Stratus franchise system from its predecessor, Stratus Franchising, LLC on January 30, 2015, and has offered master franchises since that date. SBS Franchising has two affiliates required to be disclosed in this Item.

Stratus Building Solutions Canada, Inc. (“Stratus Canada”) is an affiliate of SBS Franchising that offers master franchise agreements to master franchisees in Canada to operate businesses selling and servicing comprehensive cleaning and maintenance service unit franchises, as well as the sale, leasing or distribution of related supplies and equipment for commercial cleaning services and building maintenance care.

SBS Services Group LLC is an affiliate of SBS Franchising that was formed in Nevada on August 30, 2019 to operate as a “company-owned” master franchisee and to assume the obligations of several existing master franchisees that were exiting the system. In November 2019, SBS Services Group LLC acquired the assets, including the management team and the franchise relationships, of SBS San Diego Channen Co. LLC (the “San Diego Predecessor”), the Stratus master franchisee for the San Diego Region; Hawaii-Pomaikai Franchising LLC (the “Hawaii Predecessor”), the Stratus master franchisee for the Hawaii Region; CRS Holdings, LLC (the “Denver Predecessor”), the Stratus master franchisee for the Metro Denver and

Northern Colorado Regions; PHSCCH SBS LLC (the “Phoenix Predecessor”), the Stratus master franchisee for the Phoenix Region; Iowa Building Solutions LLC (the “Iowa Predecessor”), the Stratus master franchisee for the Iowa Region; Stratus Buildings Solutions of Kansas LLC (the “Kansas Predecessor”), the Stratus master franchisee for the Kansas Region; and Stratus Buildings Solutions of Arizona, Inc. (the “Nebraska Predecessor”), the Stratus master franchisee for the Nebraska Region. In addition, in September 2019, SBS Services Group LLC assumed the franchise of SBS Delmarva, LLC, the former Stratus master franchisee (the “Delmarva Predecessor”) for the Delmarva Region.

Effective as of January 2021, SBS Services Group LLC acquired the assets, including the franchise relationships, of JJMAT Janitorial Solutions, LLC (the “San Antonio Predecessor”), the Stratus master franchisee for the San Antonio Region. In addition, effective as of January 2022, SBS Services Group LLC acquired the assets, including the franchise relationships, of Covent, LLC (the “Toledo Predecessor”), the Stratus master franchisee for the Toledo Region; and of Colorado Cleaning Partners, Inc. (the “Southern Colorado Predecessor”), the Stratus master franchisee for the Southern Colorado Region. In July 2021, SBS Services Group LLC began offering unit franchises in the Jacksonville, Florida area after acquiring from SBS Franchising the master franchise rights to the Jacksonville Region. Also, effective as of March 2023, SBS Services Group LLC acquired the assets, including the franchise relationships, of DOYLE-DOYLE, Inc. (the “San Jose Predecessor”), the Stratus Regional Franchisee for the San Jose Region.

Neither SBS Franchising, Stratus Canada, or SBS Services Group LLC has ever offered franchises in any line of business other than commercial cleaning services and building maintenance care. Neither SBS Franchising, Stratus Canada, or SBS Services Group LLC, has ever conducted a business of the type being offered to you.

Stratus Milwaukee

M & R Cleaning Solutions, LLC was originally organized in Wisconsin on August 18, 2023 and does business as “Stratus Building Solutions of Milwaukee”. Stratus Milwaukee’s principal business address is 1100 Commerce Drive, Suite 113, Mount Pleasant, Wisconsin 53406. Stratus Milwaukee has no predecessors or parents.¹ Its agent for service of process in Wisconsin is Tywone Redmond, 1100 Commerce Drive, Suite 113, Mount Pleasant, Wisconsin 53406.

SBS Franchising has granted to Stratus Milwaukee the exclusive right in Milwaukee to operate a Stratus Regional Franchise, and a license to use the Marks, System, and products developed by SBS Franchising, in selling and servicing comprehensive cleaning and maintenance service franchises. The System includes the sale, leasing or distribution to unit franchises of related supplies and equipment. Stratus Milwaukee has been granted these rights for a 15-year period, plus two additional 15-year periods. Prior to acquiring these rights from SBS Franchising, Stratus Milwaukee has never offered franchises of any kind. Neither Stratus Milwaukee, nor anyone else listed in **Item 2** below have conducted a business of the type being offered to you. Furthermore, Stratus Milwaukee has not offered franchises in any other type of business or conducted any other business activity. The Stratus Regional Franchisee does not operate commercial cleaning and building maintenance care businesses.

The Franchise Offered

Stratus Milwaukee offers a franchise to you, as an independent cleaning business, which grants you the right to provide commercial cleaning and maintenance services, in accordance with the Stratus brand standards, to interior and exterior environments of business and residential locations under the System and the Marks.

As a Stratus Regional Franchisee, Stratus Milwaukee will obtain customer contracts (“Customer Contracts”) for your initial cleaning customers (“Customers”) based upon the franchise plan you choose. Stratus Milwaukee will also provide you the other services as described in the Franchise Agreement and summarized in **Item 11** of this Disclosure Document. As an independent business owner, we also strongly encourage you to solicit new Customer Contracts yourself and to provide additional business services to Customers separate from those offered by the Franchised Business (as defined below).

Under the Franchise Agreement, we will license you to use the Stratus Marks and System in the operation of a business that performs cleaning and/or maintenance-related services for the Customer Contracts on a daily, weekly, or monthly basis (the “Franchised Business”). Regular cleaning services include dusting, sweeping, waxing, buffing, sanitizing, etc. Maintenance-related services may include such specialty services as carpet care, floor care, window washing, or wall cleaning. Your Customers will principally be businesses located in commercial offices and buildings, but may include residential properties with respect to their common areas or unoccupied units.

Your Customers and Customer Contracts will be located in the Territory which will be described in the Franchise Agreement. This Territory is not an exclusive territory, meaning that Stratus Milwaukee may grant other Stratus franchises in the Territory. Therefore, your competitors include other janitorial services in the area, both franchised and independent, as well as potentially other Stratus franchisees. You must also compete with national and local businesses offering these same services. The market for these services is developed and operates year-round.

You are required to form a corporation, limited liability company or partnership to operate the Franchised Business under the Franchise Agreement. It is your responsibility to research and obtain all required licenses, permits, certificates required for the operation of the Franchised Business. You must adhere to MSDS (Material Safety Data Sheets) which meet OSHA standards of regulations relating to chemicals or waste disposal laws. There may be other laws applicable to your Franchised Business. It is your responsibility to be aware of and be in compliance with all applicable federal, state, and local laws and regulations including (a) cleaning industry specific laws; (b) state and local business and zoning permits, license and certifications; (c) corporate filings, fictitious name registrations, and other business organization rules; (d) non-discrimination and anti-harassment laws; (e) equal opportunity, employment, occupational safety, wage and hour laws and regulations; (f) insurance and tax rules; and (g) all other applicable laws. You should investigate whether there are special regulations and requirements that may apply in the geographic area in which you are operating your franchise, and should consider both the effects and costs of compliance. In addition, in response to the coronavirus pandemic, state and local government authorities have periodically issued restrictions and/or recommendations against in-person contact at certain businesses, and employees of “non-essential” businesses may be working from home. This combination of factors may continue until the pandemic has been controlled and could negatively impact the number of Customers needing cleaning and/or maintenance-related services, or the frequency with which such services are requested.

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ITEM 2 BUSINESS EXPERIENCE

A. Stratus Milwaukee

Darrel McNeal, Manager

Darrel McNeal has been a Manager of Stratus Milwaukee since our inception in August 2023. Mr. McNeal has also served as CEO of Creative Resources Unlimited, Inc. in Hoffman Estates, Illinois since January 2011. Mr. McNeal previously served as District Sales Manager for Heine USA Ltd. in Dover, New Hampshire from June 2021 to April 2024 and Territory Manager for Batesville Casket Co. in Batesville, Indiana from September 2013 to June 2021.

Tywone Redmond, Manager

Tywone Redmond has been a Manager of Stratus Milwaukee since our inception in August 2023. Mr. Redmond also serves as Administrator for YWCA SEW of Milwaukee and will do so until May 31, 2024. Mr. Redmond previously served as Senior Director of Seton Education Partners in Bronx, New York from March 2022 to January 2023, Principal of Capital Prep Harlem in New York, New York from June 2019 to March 2022, and Principal of Success Academy in New York, New York from July 2012 to June 2019.

B. SBS Franchising

Afshin Cangarlu, Member and Board Director

Afshin Cangarlu is one of the Members of SBS Franchising and has served on SBS Franchising's Board of Directors since December 2023. Between SBS Franchising's inception in January 2015 and December 2023, Mr. Cangarlu served as SBS Franchising's Chief Executive Officer in North Hollywood, California. In addition, Mr. Cangarlu has been a Member of SBS Services Group LLC since its inception in August 2019, has served on the Board of Directors of SBS Services Group LLC since December 2023, and served as the Chief Executive Officer of SBS Services Group LLC from August 2019 through December 2023, at all times in North Hollywood, California.

Stuart Erskine, Member and Board Director

Stuart Erskine is one of the Members of SBS Franchising and has served on SBS Franchising's Board of Directors since December 2023. Between December 2019 and December 2023, Mr. Erskine served as SBS Franchising's Chief Operating Officer. In addition, Mr. Erskine has also been a Member of SBS Services Group LLC since its inception in August 2019 and has served on the Board of Directors for SBS Services Group LLC since December 2023. Mr. Erskine was SBS Franchising's Chief International Officer from January 2018 to November 2019. He has also served as the President of Magnetsigns Group since March 2001 and the President of Declare Brands Inc., in Camrose, Alberta, Canada since 1997. He is based in Canmore, Alberta, Canada.

Foad Rekabi, Member and Board Director

Foad Rekabi is one of the Members of SBS Franchising and has served on SBS Franchising's Board of Directors since December 2023. Between January 2015 and December 2023, Mr. Rekabi served as SBS Franchising's Chief Technology Officer and Corporate Secretary in North Hollywood, California. Mr. Rekabi has also been a Member of SBS Services Group since its inception in August 2019 and has served

on the Board of Directors for SBS Services Group since December 2023, at all times in North Hollywood, California.

Doug Flaig, Chief Executive Officer

Doug Flaig is SBS Franchising's Chief Executive Officer and has held this position since December 2023. Between January 2022 and December 2023, Mr. Flaig served as SBS Franchising's President in North Hollywood, California. Prior to joining SBS Franchising, Mr. Flaig served as Vice President of Operations and then Chief Operating Officer of Safe Companies LLC, in Thousand Oaks, California, from February 2020 to December 2021. From September 2014 to November 2020, he was Chief Executive Officer and principal of True Impact Consulting, LLC, in Los Angeles, California. From April 2017 to December 2019, he was Vice President of Franchise Development for Wetzel's Pretzels, LLC in Pasadena, California.

David Earl, Chief Financial Officer

David Earl is SBS Franchising's Chief Financial Officer and has held this position since January 2020 in North Hollywood, California. Mr. Earl was previously Vice President, Global Controller for PSI Services in Glendale, California from October 2010 to October 2019.

Maureen DiStefano, Vice President of Operations

Maureen DiStefano is SBS Franchising's Vice President of Operations and has held this position since March 2023. Ms. DiStefano was previously the Vice President of Operations for GNC Holdings, LLC, in Pittsburgh, Pennsylvania, from December 2019 to March 2023. She served as Vice President of Magnolia Bakery, in New York, New York, from August 2018 to September 2019. She is based in Philadelphia, Pennsylvania.

Rob Lancit, Vice President of Franchise Development

Rob Lancit is SBS Franchising's Vice President of Franchise Development and has held this position since September 2022. Mr. Lancit was previously the Executive Vice President of FranServe, Inc., in Upper Saddle River, New Jersey, from May 2021 to May 2022. Prior to that, he was Vice President of MFV Expositions, in Glen Rock, New Jersey, from September 2015 to May 2021. He has also served as President of The Franchise Zone, in Weehawken, New Jersey, since founding the company in June 2021. He is based in Fort Lauderdale, Florida.

Michael Millett, Vice President of Marketing

Michael Millett is SBS Franchising's Vice President of Marketing and has held this position since April 2022 in North Hollywood, California. Mr. Millett was President of Digilu, Inc. in Elk Grove, California from January 1999 to March 2022.

Arash Kolahi, Vice President of Technology

Arash Kolahi is SBS Franchising's Vice President of Technology and has held this position since July 2022, in Chino Hills, California. From February 2015 to July 2022, he served as SBS Franchising's Senior Software Architect, also in Chino Hills, California.

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Sean Morrison, Advisor to Board of Directors

Sean Morrison has served as an advisor to SBS Franchising's Board of Directors since November 15, 2022 in Vancouver, Canada. Mr. Morrison has been the Chief Executive Office of Diversified Royalty Corporation in Vancouver, Canada since August 2013. Since 2011, he has served as a Director on the board of goeasy Ltd. in Mississauga, Canada.

Victor Fok, Director of Learning and Development Director

Victor Fok has served as SBS Franchising's Director of Learning and Development Director in North Hollywood, California since 2019. Prior to his current position, Mr. Fok served as Director of Learning and Development for Dell Technologies, Rapid7, Technicolor, and The Coffee Bean & Tea Leaf where he developed and taught brand standards and processes to company teams and affiliates.

Jim Morrison, Director, Franchise Services

Jim Morrison has served as SBS Franchising's Director, Franchise Services in Omaha, Nebraska during the immediately preceding 5 year period.

Cody Millsap Director, Franchise Services

Cody Millsap has served as SBS Franchising's Director, Franchise Services in Kansas City, Missouri during the immediately preceding 5 year period.

ITEM 3 LITIGATION

A. Actions Involving Stratus Milwaukee and its Affiliates

No litigation is required to be disclosed in this Item.

B. Actions Involving SBS Franchising and its Affiliates

In re: Stratus Franchising, LLC, Peter Frese, and Dennis Jarrett, California Department of Business Oversight, Org. ID: 84407 (September 15, 2015). In September of 2019, SBS Franchising first learned that a 2015 injunctive order had been issued against its predecessor, Stratus Franchising, LLC (the predecessor to SBS Franchising, LLC in the ownership and operation of the Stratus Building Solutions franchise system) and certain of its executives. The order issued by the California Department of Business Oversight (the "Department") states that between 2007 and 2011, in various filings with the Department that were signed by President and COO Peter Frese on behalf of Stratus Franchising, LLC, the prior experience of CEO Dennis Jarrett between 2001 and 2004 was incorrectly stated as "President" of Jan-Pro International instead of "Vice President." Based on these misstatements, the Department ordered Stratus Franchising, LLC, Peter Frese, and Dennis Jarrett to desist and refrain from willfully making untrue statements of material fact in franchise applications filed with the Department. The order was entered approximately eight months after SBS Franchising acquired the assets of the Stratus Franchising, LLC. For the avoidance of doubt, this action did not involve SBS Franchising; it only involved the predecessor of SBS Franchising. None of the owners of the predecessor of SBS Franchising have any ownership or other interest in SBS Franchising, nor are they employed or otherwise engaged by SBS Franchising.

Commonwealth of Virginia, ex rel., State Corporation Commission v. Pete Frese, Jr. and Stratus Franchising, LLC, Commonwealth of Virginia, State Corporation Commission, Case No. SEC-2011-00008 (2011). The Commission alleged that Stratus Franchising, LLC (the predecessor to SBS Franchising,

LLC in the ownership and operation of the Stratus Building Solutions franchise system) and Pete Frese, Jr., principal and officer of Stratus Franchising, LLC violated § 13.1-563 (2) of the Virginia Retail Franchising Act, § 13.1-557 et seq. of the Code of Virginia, by making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree in connection with the sale or offer to sell a franchise. On June 16, 2011 the defendants agreed to a Settlement Order under which they neither admitted nor denied the allegations but agreed to pay to the Treasurer of the Commonwealth of Virginia, \$15,000 in monetary penalties and \$5,000 in costs, and agreed not to violate the Virginia Retail Franchise Act in the future. For the avoidance of doubt, this action did not involve SBS Franchising; it only involved the predecessor of SBS Franchising. None of the owners of the predecessor of SBS Franchising have any ownership or other interest in SBS Franchising, nor are they employed or otherwise engaged by SBS Franchising.

Other than that listed above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

A. Actions Involving Stratus Milwaukee and its Affiliates

No bankruptcy is required to be disclosed in this Item.

B. Actions Involving SBS Franchising and its Affiliates

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

The initial franchise fee that you will pay to Stratus Milwaukee varies based on the level of gross annual billing in the Customer Contracts that Stratus Milwaukee is obligated to offer you under the Franchise Agreement. The charts below set forth the standard franchise plans. If you would like Customer Contracts representing a higher level of gross annual billing to Customers than the plans listed below, Stratus Milwaukee can customize a plan to suit your specific needs.

Individual Level Franchise Plans

<i>Plan #</i>	<i>Value of Contract(s)</i>	<i>Down Payment</i>	<i>Financed @ 15 Percent</i>	<i>Total Franchise Fee (if Financed)</i>	<i>Total Franchise Fee (if paid in Cash)</i>
SBS-6	\$6,000/Year (\$500/Month)	\$1,000	\$3,000 (\$104.00/Month)	\$4,000	\$3,600
SBS-12	\$12,000/Year (\$1,000/Month)	\$2,500	\$4,000 (\$138.66/Month)	\$6,500	\$5,850
SBS-18	\$18,000/Year (\$1,500/Month)	\$3,500	\$5,000 (\$173.33/Month)	\$8,500	\$7,650
SBS-24	\$24,000/Year (\$2,000/Month)	\$5,000	\$6,000 (\$208.00/Month)	\$11,000	\$9,900
SBS-30	\$30,000/Year (\$2,500/Month)	\$6,000	\$6,500 (\$225.32/Month)	\$12,500	\$11,250
SBS-36	\$36,000/Year (\$3,000/Month)	\$7,000	\$6,900 (\$239.19/Month)	\$13,900	\$12,510

Management Level Franchise Plans

<i>Plan #</i>	<i>Value of Contract(s)</i>	<i>Down Payment</i>	<i>Financed @ 15 Percent</i>	<i>Total Franchise Fee (if Financed)</i>	<i>Total Franchise Fee (if paid in Cash)</i>
SBS-48	\$48,000/Year (\$4,000/Month)	\$9,000	\$7,750 (\$268.66/Month)	\$16,750	\$15,075
SBS-60	\$60,000/Year (\$5,000/Month)	\$11,000	\$8,500 (\$294.66/Month)	\$19,500	\$17,550
SBS-72	\$72,000/Year (\$6,000/Month)	\$13,000	\$9,300 (\$322.39/Month)	\$22,300	\$20,070
SBS-84	\$84,000/Year (\$7,000/Month)	\$15,000	\$10,000 (\$346.65/Month)	\$25,000	\$22,500
SBS-96	\$96,000/Year (\$8,000/Month)	\$17,500	\$10,000 (\$346.65/Month)	\$27,500	\$24,750

Executive Level Franchise Plans

<i>Plan #</i>	<i>Value of Contract(s)</i>	<i>Down Payment</i>	<i>Financed @ 15 Percent</i>	<i>Total Franchise Fee (if Financed)</i>	<i>Total Franchise Fee (if paid in Cash)</i>
SBS-120	\$120,000/Year (\$10,000/Month)	\$20,000	\$12,600 (\$436.78/Month)	\$32,600	\$29,340
SBS-180	\$180,000/Year (\$15,000/Month)	\$30,000	\$15,000 (\$519.98/Month)	\$45,000	\$40,500
SBS-240	\$240,000/Year (\$20,000/Month)	\$39,000	\$18,000 (\$623.98/Month)	\$57,000	\$51,300
SBS-300	\$300,000/Year (\$25,000/Month)	\$47,000	\$22,000 (\$762.64/Month)	\$69,000	\$62,100

Regardless of what plan you choose, you must pay an initial franchise fee to Stratus Milwaukee. As shown in the tables above, the initial franchise fees range from \$3,600 to \$62,100 (\$4,000 to \$69,000, if financed). The amount of the initial franchise fee will vary depending on your choice of plan and whether or not you choose to pay the entire amount in cash upon signing the Franchise Agreement or if you choose to have the fee financed with Stratus Milwaukee.

If you elect to pay the initial franchise fee in cash or certified funds, then the full amount listed in the “Total Franchise Fee (if paid in Cash)” column of the above tables will be due when the Franchise Agreement is signed. Please note that this amount does not include any applicable sales tax owed by you.

If you elect instead to finance the initial franchise fee through Stratus Milwaukee, then only the amount listed in the “Down Payment” column in the tables above will be paid by you in cash or certified funds at the signing of the Franchise Agreement. The remainder of the initial franchise fee will accrue interest at 15% per year (subject to state law) and will be secured through a promissory note and/or a personal guarantee. The promissory note is repaid in 36 monthly installments, but there is no penalty for an earlier pre-payment. The “Total Franchise Fee (if Financed)” column in the tables above shows the total amount you will have paid as the initial franchise fee if you elect to obtain financing through Stratus Milwaukee. Please note that this amount does not include the interest paid or any applicable sales tax owed by you. The form of promissory note is located at Exhibit B of the Franchise Agreement.

No portion of the initial franchise fee is refundable, and the fee is fully earned by Stratus Milwaukee when paid. However, if Stratus Milwaukee, within the time allowed by the Franchise Agreement following the

date you complete the Brand Certification Program (as hereinafter defined), fails to offer you Customer Contracts with gross annual billing equivalent to that stated in the franchise plan for which you have contracted, then Stratus Milwaukee will refund a portion of your initial franchise fee equal to the difference between the initial franchise fee of the franchise plan for which you originally contracted and the initial franchise fee of the plan that corresponds with the number of Customer Contracts that have actually been offered to you by Stratus Milwaukee.

For example, if you originally contracted with Stratus Milwaukee for an SBS-24 franchise plan and paid the full cash payment, then you paid an initial franchise fee of \$9,900 and Stratus was obligated to provide you with Customer Contracts representing gross annual billings of \$24,000 per year. If Stratus Milwaukee within 120 days only offered you Customer Contracts representing gross annual billings of \$18,000, then Stratus Milwaukee would owe you a credit calculated as follows:

\$9,900 (the initial franchise fee for an SBS-24) – **\$7,650** (the initial franchise fee for an SBS-18) = **\$2,250**

Stratus Milwaukee first will apply this credit to any outstanding financing and or monies owed by you to Stratus Milwaukee. If none exist, then a cash refund will be given. If a credit is provided, then Stratus Milwaukee will have fulfilled its obligation to you and the refund will be your sole remedy.

For veterans of the U.S. military forces, Stratus Milwaukee offers the opportunity to enjoy a 10% discount off the initial franchise fee for any franchise plan of SBS-24 level or greater. This program is available for all veterans who have received an honorable discharge from the U.S. military. The veteran participant must maintain at least a 51% ownership interest in the company and be a “hands on” partner. A copy of the form DD-214 evidencing the status of a participating veteran must be submitted at the time the Franchise Agreement is signed.

Since we are selling franchises for the first time under this disclosure document, we have never sold a franchise for a fee different than the published initial franchise fee.

ITEM 6 OTHER FEES

Type of Fee*	Amount	Due Date	Remarks
Royalty (1)	5% of Gross Billings for the preceding calendar month.	Deducted on last workday of the following month.	The amount of the Royalty may vary based upon the monthly Gross Billings generated by you. Minimum is \$50 per month.
Administration Fee (2)	10% of Gross Billings for the preceding calendar month.	Deducted on last workday of the following month.	The amount of the Administration Fee may vary based upon the monthly Gross Billings generated by you.
Advertising Fee (3)	1% of Gross Billings for the preceding calendar month; currently not collecting.	Deducted on last workday of the following month.	We will give you 30 days' notice prior to establishing or disestablishing the Advertising Fund.
Business Insurance Fee (Optional) (4)	[5%] of Gross Billings for the preceding calendar month.	Deducted on last workday of the following month.	The business insurance fee is optional, but you must carry the minimum business

Type of Fee*	Amount	Due Date	Remarks
			insurance required by us. The amount of the business insurance fee may vary based upon the monthly Gross Billings generated by you if such insurance is provided by us.
Additional Customer Contracts – Account Acquisition (5)	\$ (additional monthly billing provided by the new Customer Contract) - \$ (monthly owed by you to Stratus) x (3 or 4 or 5) = Account Acquisition Fee.	At time the additional Customer Contract is accepted by you. May be financed.	You are not obligated to accept additional Customer Contracts offered by us. The Account Acquisition Fee may fluctuate quarterly for some Customer Contracts. There is a possible 10% discount if this fee is paid in full upon your acceptance of the additional Customer Contracts.
Sale of Franchise- Transfer Fee (6)	5% of yearly Gross Billings of Customer Contracts being sold/transferred with a minimum fee of \$750. 10% of sales price if transfer 10% or more of ownership in Franchisee.	On date of transfer.	Payable when you sell or transfer your franchise. There is no charge if transferred to an immediate family member or company which you own wholly.
Name Changes - Additions/Deletions (7)	Flat fee of \$250.	On date of name addition or deletion.	No fee if name changes to a limited liability entity which you own wholly.
Customer Contract Transfer Fee (8)	\$50 administration fee, plus the greater of \$100 or 10% of prior month's billings under Customer Contract	Deducted in the month of occurrence.	Payable only upon transfer of a Customer Contract.
Customer Requested Troubled Transfer Fee (9)	\$50 administration and \$75 complaint fee, plus the greater of \$100 or 10% of prior month's billings under Customer Contract.	Deducted in the month of occurrence.	Payable only upon transfer of a Customer Contract.
Account Abandonment Fee (10)	Loss of all revenue owed, plus Customer Requested Troubled Transfer fee. See Item 7.	Deducted in the month of occurrence.	Payable immediately
Complaint Fees (11)	\$75 for the second or more complaints to us within 120 calendar days	Deducted in the month of occurrence.	Payable immediately

Type of Fee*	Amount	Due Date	Remarks
Failure to Service Fee (12)	Greater of \$75 or 10% of prior month's billings under Customer Contract.	Deducted in the month of occurrence.	Payable immediately
Service Fee (13)	<p>\$50 per hour for every hour we spend fixing issues at the Franchisee's customer site.</p> <p>\$50 fee for not turning in monthly statement by the 10th of the following month.</p> <p>\$25 fee per Customer evaluation not completed and turned in by the 10th of the following month.</p>	Deducted in the month of occurrence.	Payable immediately
Account Cancellation for Cause Fee (14)	\$75 complaint fee, plus 50% of one month's Gross Billings on the first Customer Contract lost; 75% of one month's Gross Billings for the second Customer Contract lost; and one full month's Gross Billings for every Customer Contract lost thereafter in a 12-month period of time.	Deducted in the month of occurrence.	Payable immediately
Isolated (Special) Services Fee (15)	10% of the price for the services stated in the contract.	Deducted upon receipt of payment from customer.	You are not obligated to take such contracts. If Stratus Milwaukee does not offer you the isolated service contract, but instead you generate it then you do not owe this fee.
Re-Certification Fee (16)	\$75 per class	Prior to scheduling re-training under the Brand Certification Program.	

***All of these fees are payable to Stratus Milwaukee and are not refundable.**

- 1. Royalty** – You will pay a monthly royalty fee equal to 5% of the monthly Gross Billings for the preceding month. "Gross Billings" means the total amount of all bills and invoices sent by Stratus Milwaukee to each account serviced by you during a calendar month, whether the bills and invoices represent janitorial services, goods, supplies or any other services or products related to the Franchised Business. Any sales taxes paid to appropriate tax authorities, any monies billed but uncollected, and any revenue from Additional Business Services are excluded from Gross Billings.

2. **Administration** – Stratus Milwaukee provides you with billing and collection services for all the services and supplies you have provided your Customers and reserves the right to provide you with billing and collection services for lines of credit with suppliers. Stratus Milwaukee will also provide you with a monthly report detailing Gross Billings along with any deductions. In exchange for such services, you will pay Stratus Milwaukee an administration fee equaling 10% of your monthly Gross Billings.
3. **Advertising Fee** – See **Item 11** of this Disclosure Document for more information about the advertising fee (if any).
4. **Business Insurance Fee** – Stratus Milwaukee requires you to carry \$2,000,000 in liability insurance, \$50,000 in fidelity bonding theft insurance, and workers’ compensation insurance, if required by your state. You must also purchase comprehensive general liability insurance, including property, bodily injury, automotive and product coverage.

Stratus Milwaukee may make available to you, as a convenience, an insurance program in which you may participate if you choose. The program offered by Stratus Milwaukee includes \$2,000,000 in liability insurance and \$50,000 in fidelity bonding theft insurance. You must acquire your own workers’ compensation insurance, if by law you meet the requirements outlined by your state for this type of insurance.

Stratus Milwaukee reserves the right to either discontinue offering its business insurance or to make it mandatory for you to participate in the Stratus Milwaukee business insurance program. Even if you participate in the program, you will be obligated to obtain, at your own expense, your own insurance coverage for any work you perform for your own Customer Contracts, as described in Section 2.5 of the Franchise Agreement. You must also show proof of coverage in written form, and you must name Stratus Milwaukee and SBS Franchising as additional insureds on all insurance policies.

Workers’ compensation will also be covered in the Stratus Milwaukee program, up to 5% of monthly Gross Billings. In the event that the size of your franchise or the number of employees you hire forces the workers’ compensation costs for your specific company over the 5% limits, any additional fees will be passed directly on to you. If the law of your state requires you to obtain your own workers’ compensation insurance from a state program or otherwise, we may make the Stratus Milwaukee program available to you at a reduced cost, with the workers’ compensation component removed.

All franchisees who participate in the program must pay Stratus Milwaukee a business insurance fee, which is currently 5% of monthly Gross Billings.

5. **Account Acquisition Fee** – If you choose to accept Customer Contracts that represent gross annual billings over and above the gross annual billings in the franchise plan you selected, then you will be obligated to pay Stratus Milwaukee an “Account Acquisition Fee” based on the monthly value of the Customer Contract. This fee is calculated as depicted below:

$$\frac{\$ \text{ Additional Monthly Billing}}{\$ \text{ Monthly Business Owed}} = \$ \text{ Monthly Billing Volume Difference} \times \frac{3/4/5}{\text{Multiplier}} = \text{Account Acquisition Fee}$$

In other words, the Account Acquisition Fee is the difference between the projected monthly billing provided by the Customer Contract and any projected monthly billing owed to you by Stratus Milwaukee (if any), multiplied by 3, 4 or 5. The use of the 3, 4 or 5 multiplier in the calculation depends upon the size of the franchise plan you have chosen, and the actual Gross Billings generated by you at the time you accept the Customer Contract, and will be the greatest of the following.

- If you invested below the SBS-12 level, or your annualized Gross Billings from the month prior to accepting the new Customer Contract was less than \$12,000 per year, then the 5 multiplier will be used.
- If you invested at the SBS-12 plan or higher, but lower than the SBS-24 level, or your annualized Gross Billings from the month prior to accepting the new Customer Contract was less than \$24,000 per year, then the 4 multiplier will be used.
- If you invested at the SBS 24 level or higher, or your annualized Gross Billings from the month prior to accepting the new Customer Contract is \$24,000 or greater per year, then the 3 multiplier will be used.

If you pay the Account Acquisition Fee in full at the time you accept such Customer Contract, you will receive a 10% discount in the fee. The value of this additional Customer Contract will also be replaced if the Customer Contract is lost for any reason other than poor performance, theft, security or no shows.

Financing may be available provided that you have not had a complaint or unacceptable inspection from any of your current Customers within the previous 60 days. Customer Contracts that are financed receive no discounts and are not replaced for any reason. If the Customer cancels a Customer Contract for issues that are not performance related, you will not receive any credits or refunds. If the Customer cancels for performance reasons, you will owe the remainder of the amount financed. If a Customer Contract that was paid in full cancels for performance reasons, you will not be due any refund or credits.

You may obtain additional Customer Contracts from Stratus Milwaukee that are over and above the gross annual billings in the franchise plan you have selected and not be obligated to pay an Account Acquisition Fee if you refer someone to Stratus Milwaukee. When the person you referred to Stratus Milwaukee purchases a franchise, you will receive additional Customer Contracts equivalent to 10% of whatever franchise plan they purchased. For example, if the person you referred purchases an SBS-60, you will receive \$6,000 in annual billings, free, in the form of new Customer Contracts.

As an independent business owner, you are also strongly encouraged to solicit new business yourself. For any Customer Contract that you solicit and obtain without our assistance, you will not pay an Account Acquisition Fee. However, if while in the process of soliciting your own Customers, you ask Stratus Milwaukee to assist in the bidding and negotiation process, an Account Acquisition Fee of up to 50% of the standard Account Acquisition Fee may be due to Stratus Milwaukee depending on its level of involvement. Regardless, the billings from these new Customer Contracts will be included for the purpose of calculating the royalty fees, management fees, and (if applicable) insurance fees that you must pay to Stratus Milwaukee. In other words, all of your Customer Contracts will be included for the purpose of calculating royalties, management, insurance, and other fees.

- 6. Sale of Franchise Transfer Fee** – There will be a transfer fee upon the sale of your franchise unless you transfer your franchise to an immediate family member or to a company which you own wholly. This fee is 5% of your annual Gross Billings of the Customer Contracts being sold, or \$750, whichever is greater. You may not sell an individual account or Customer Contracts. The fee is due upon signing of the new franchise agreement. In the case of a transfer of 10% or more of the ownership interest in the Franchisee, a transfer fee equal to 10% of the sales price of such ownership interest is payable to us.
- 7. Name Changes, Additions and Deletions** – You are permitted to add or delete a person from the franchise agreement only if you first obtain written approval from Stratus Milwaukee and pay an administration fee of \$250. This fee is due at the time of the change. New promissory notes may be required as well. Stratus Milwaukee reserves the right to deny the release of anyone from a previously

signed promissory note. If all of the original parties are being removed from the franchise agreement, the procedure will be treated as a sale of your franchise and the transfer fee described in note 6 above will be invoked.

8. Customer Contract Transfer Fee – You may request to transfer out of a Customer Contract at any time. In addition, we may transfer ownership of a Customer Contract to ourselves or to another franchisee and require you to discontinue your service for such transferred Customer Contract(s) upon certain circumstances outlined in the franchise agreement. Because the transfer of any Customer Contract destabilizes such Customer, the following transfer fees will be charged:

- a \$50 administration fee will be charged to handle the administrative costs related to transferring the Customer Contract;
- a transfer fee equal to 10% of the prior month's billings under such Customer Contract or a minimum of \$100 will apply; and
- if, at any time, you have performance issues under the Customer Contract (including Failure to Service, Repeated complaints, Customer Requested, Procedures Violations, and other customer-reported troubles) and the Customer Contract has to be transferred, it will be considered a "Troubled Transfer", an additional \$75 complaint fee will be charged and all remaining Account Acquisition Fees will continue to be assessed.

9. Customer Requested Troubled Transfer Fee – Customer may request a change of franchisee as a result of failure to service, repeated complaints, procedures violations and other customer-reported troubles. Because the transfer of any Customer Contract destabilizes such Customer, the following transfer fees will be charged:

- a \$50 administration fee and a \$75 complaint fee will be charged to handle the administrative costs related to transferring the Customer Contract; and
- a transfer fee equal to 10% of the prior month's billings under such Customer Contract or a minimum of \$100 will apply.

10. Account Abandonment Fee – If for any reason you abandon any or all of your Customer Contracts, the following will apply:

- an administrative transfer fee of \$50 will be assessed on all Troubled Transfers, to cover administrative expenses involved with the transfer;
- a \$75 Complaint Fee and any appropriate Service Fee and Expenses to restore the building to proper appearance will automatically be charged to the Franchisee;
- a Troubled Transfer fee of \$100 or 10% of the prior month's billings under such Customer Contract(s), whichever is greater, will be applied in addition to any other charges;
- any outstanding note payments will become immediately due and payable with no discounts given; and
- all future revenues from abandoned Customer Contracts will be forfeited.

11. Complaint Fees – From time to time, Customers will call into Stratus Milwaukee regarding a complaint about the service of their Customer Contract. In order to promote full compliance with all Stratus brand standards, a Complaint Fee will be charged to any Franchisee who does not comply with the time frames allotted for initial response or corrective action to a customer complaint. You are responsible for notifying Stratus Milwaukee of any changes in, or additions to, telephone numbers where you can be

reached within one hour. To avoid the Complaint Fee and the Service Fee, it is very important that you provide a means by which to be contacted. Regular communication or information exchanged between Customers and Stratus Milwaukee are exempt from these fees. The Complaint Fee and the Service Fee will be assessed under the following conditions:

- two or more complaints for similar issues are made to Stratus Milwaukee within a 120-day time frame;
- Stratus Milwaukee cannot locate the Franchisee or Franchisee does not respond to Stratus Milwaukee within a two-hour period;
- the complaint was made known to the Franchisee, and two hours after the opening of the business the next morning, the deficiency in performance was not corrected to the satisfaction of the Customer nor to us, thus requiring the Stratus Milwaukee to respond to the complaint; or
- if the initial complaint call to Stratus Milwaukee requires immediate action to meet a Customer's demand for a visit or performance of services at the Customer's premises.

12. Failure to Service Fee – A Failure to Service Fee of \$75 or 10% of the prior month's billing under the relevant Customer Contract (whichever is greater) will be assessed for each and every missed clean, regardless of the reason for the missed clean (e.g., snow, flat tire, forgotten keys). The Fee will not be assessed if the Franchisee calls BOTH the customer and Stratus Milwaukee alerting each to the circumstances of the missed clean. If the customer complains about the missed clean or the Franchisee calls only the Customer or only the Stratus Milwaukee, the fee will be applied.

13. Service Fee – A Service Fee will be assessed when we are required to complete your obligations, as follows:

- We service or arrange replacement service for a Customer on behalf of Franchisee: a fee in the amount of \$50 per hour, plus expenses (e.g., labor, materials, supplies, equipment, etc.), for the personnel's time spent on building services required to rectify the complaint or satisfy the unhappy client.
- Monthly Statement: a fee of \$50 will be applied if the Franchisee fails to turn in its monthly statement by the 10th of the month following the month in which the work was completed.
- Monthly Evaluations: a fee of \$25 will be applied if customer evaluations for the prior month are not turned in by the 10th of the following month.

14. Account Cancellation for Cause Fee – A performance cancellation (regardless of stated reason) where there have been service problems, theft, failure to service on scheduled service dates, or a requested change in Franchisee, verbally or in writing, is a very serious setback. It not only affects the Franchisee's finances, but also damages the image and reputation of Stratus Milwaukee and of the Stratus System. Due to the seriousness of this type of cancellation, the policy is as follows:

- A \$50 administration fee will be charged to handle the administrative costs related to canceling the Customer Contract.
- A \$75 Complaint Fee, and any pertinent Service Fee and expenses, will be charged automatically.
- Any Account Acquisition Fees still owed on the account remain on the books and are payable to us. Fees will be deducted from other Customer Contracts you are servicing, if any.

- You will be charged the equivalent of 50% of the month's gross billing on the first Customer Contract lost, 75% of the month's gross billing on the second Customer Contract lost, and one full month's gross billing on every Customer Contract lost thereafter in a 12-month period of time, plus the \$75 complaint fee and any pertinent Service Fee and expenses.

15. Isolated (Special) Services Fee – Special or isolated services are typically one time services and may include hard floor care, carpet cleaning, window washing, construction cleans, apartment turnarounds, etc. You are not obligated to accept an isolated service contract. These services will not be included in your monthly Gross Billings, but will be reported and invoiced separately. Each time you perform an isolated or special service, you will pay Stratus Milwaukee a fee of 10% of the monthly billing for that isolated service in addition to your royalty and other fees due to Stratus Milwaukee. If you acquire an isolated service contract on your own and the Customer does not already have a Customer Contract or is not a Customer already serviced by you, then you do not owe the isolated service fee; however, you will still pay Stratus Milwaukee the royalty, administration and insurance (if applicable) fees.

16. Re-Certification Fee – You may request re-certification for specific areas or in general. Requested training under the Brand Certification Program is free if you have not had any complaints from your current Customers and if you participate in a scheduled class. Please see **Item 11** of this Disclosure Document for more information pertaining to Stratus Milwaukee Brand Certification Program. Mandatory re-certification may be required in part or in whole, if you have had multiple customer complaints, lost a Customer Contract, or had a Customer Contract transferred due to performance issues. The re-certification fee is presently \$75 per class and is payable in full prior to the class being scheduled. No future Customer Contracts will be offered to you until you satisfactorily complete the Brand Certification Program, and you will not qualify for financing for the next two “additional accounts” you choose to accept. Please see **Item 10** of this Disclosure Document for more information pertaining to financing of additional account fees.

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ITEM 7 YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	\$3,600	\$69,000	Lump Sum or Financing from Stratus Milwaukee	Signing of Franchise Agreement	Stratus Milwaukee
Brand Certification Program Expenses (2)	\$0	\$500	As Incurred	Before the Brand Certification Program commences	Stratus Milwaukee
Professional Costs (3)	\$0	\$2000	As Incurred	As Incurred	Third Parties
Real Estate (4)	\$0	\$750	Lump or Lease	As Arranged	Third Parties
Vehicle (5)	\$0	\$500	If Necessary	As Arranged	Third Parties
Insurance (6)	\$100	\$2500	Lump Sum	As Arranged	Third Parties
Equipment & Supply Starter Package (7)	\$650	\$2000	Lump Sum	Prior To Opening	Approved Suppliers
Business Licenses (8)	\$75	\$500	Lump Sum	As Arranged	Third Parties
Additional Funds (4 months) (9)	\$25	\$2000	As Incurred	As Arranged	Third Parties
Total Estimated Initial Investment	\$4,450	\$79,750			

Unless otherwise stated, these expenditures are not refundable unless expenditures to third parties are refundable by their terms. Except as expressly stated, these estimates cover your initial cash investment up to the opening of your Franchised Business. The ranges and categories of expenses listed in the table above are based solely on the experience of SBS Franchising, and your expenses may be significantly different depending on the market in the Territory and local costs. Do not rely on this estimate of expenses to project your future performance because your expenses may differ from the ranges above, and you will have additional expenses which we have not listed.

- 1. Initial Franchise Fee** – The amount of the initial franchise fee is dependent upon the franchise plan selected and whether or not you choose to pay the entire amount in cash upon signing the Franchise Agreement or if you choose to have the fee financed with Stratus Milwaukee. The investment range in the chart above is the range of initial investment for the packages depicted in the tables in Item 5 of this Disclosure Document. The investment range may continue beyond the listed upper limit if Franchisee desires a larger package than depicted in the tables in **Item 5** of this Disclosure Document. All payments must be in cash or certified funds. The initial franchise fee is considered earned by Stratus Milwaukee upon signing the Franchise Agreement. A portion may be refunded if all Customer Contracts are not offered in the appropriate amount of time.
- 2. Brand Certification Program Expenses** – We provide a comprehensive brand certification program, which includes video, classroom, and on-site training similar to the actual work that will be performed

by your Franchised Business (the “Brand Certification Program”). The Brand Certification Program is mandatory and must be completed in its entirety and you must pass all testing before being offered any Customer Contracts. The Brand Certification Program sessions are typically completed locally, within the Territory, and should not require overnight or out of town travel. If travel were to be necessary, however, you would be responsible for all expenses.

- 3. Professional Costs** – At your option, you may choose to consult with an accountant or an attorney to help you set up your business. We recommend that you consider this. Franchisees are required to be entities, for example a limited liability company, corporation, or partnership. Forming such an entity will require various filings with your state, and there will be filing fees that can range from \$150 to \$1,000 depending on where you file.
- 4. Real Estate** – Stratus Milwaukee does not require you to have an office or storage facility outside your home. Most Franchisees operate their business from their home, while utilizing the storage space that many Customers provide. You may choose to keep your equipment in a storage facility.
- 5. Vehicle** – You may drive your personal vehicle to and from the Customers you service. There is no requirement to purchase a special vehicle for your business. Any vehicle driven must be insured. Please see note 6 below for more information pertaining to insurance.
- 6. Insurance** – You must carry vehicle insurance that has a liability minimum of \$250,000, or meets your state’s requirements, whichever is greater. You must also carry the insurance described in **Item 6** of this Disclosure Document. Insurance carriers may require you to pay for the coverage in full or make a deposit toward the estimated premium.
- 7. Equipment & Supply Starter Package** – You must purchase a basic starter package from an approved vendor that distributes professional quality equipment and supplies before you are qualified to service any Customer Contracts. The contents of the basic starter package are listed in Exhibit B to this Disclosure Document. This is a basic package and may be enhanced to more accurately fit the needs of your Customer Contracts.
- 8. Business Licenses** – You must secure all necessary local and state business licenses and permits, as they may be required. The fee for these licenses may vary within each municipality and each state.
- 9. Additional Funds** – There are usually additional items that will be needed to start your business, such as uniforms, cell phones and administrative supplies. The cost of equipment, chemicals, supplies, insurance, and uniforms purchased in accordance with specifications, through us or another approved supplier, represents most of your non-payroll expenditures in establishing and operating your commercial cleaning franchise. These expenditures do not include labor costs.

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ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The success of a commercial cleaning franchise system such as the Stratus System depends upon high standards of workmanship. Therefore, quality control is very important. In order to achieve these high standards, only professional cleaning chemicals, supplies, and equipment can be used. Stratus has developed its own private branded chemicals that all Unit Franchisees must use.

Due to quality control considerations, you must purchase or lease your equipment according to the specifications of Stratus Milwaukee. You must also purchase certain chemicals and supplies according to our specifications, as outlined in the Franchise Agreement, the Stratus Milwaukee Brand Standards Manual, or in other manuals or directives Stratus Milwaukee may issue. These specifications include standards for quality, safety, OSHA compliance, cleaning efficiency, compatibility with approved chemicals and economy. The contents of the basic starter package are listed in Exhibit B to this Disclosure Document.

During the Brand Certification Program, Stratus Milwaukee will identify approved equipment, chemicals, and supplies and approved suppliers for such items. Qualification criteria include requirements such as the identification of product composition and compliance with OSHA requirements. A list of all of the criteria of what constitutes an approved supplier or item is available upon written request to the President of Stratus Milwaukee. Neither Stratus Milwaukee nor SBS Franchising nor the principals in either of those entities owns an interest in any of the approved suppliers.

If you would like to purchase non-approved equipment, chemicals, and supplies, or you want to purchase from a non-approved supplier, you must submit a “Request for Approval”. Upon receipt of such request, Stratus Milwaukee will test for performance indications, including: cleaning efficiency, safety, ease of application, durability, and economy, and notify you of our approval or disapproval within 30 days. If you do not receive a response from us within 30 days, such request shall be deemed disapproved. Stratus branded chemicals have met all these requirements. For items of necessity beyond the Stratus brand offering, we will approve an item or supplier if it meets the performance standards of an approved item or supplier. Stratus Milwaukee reserves the right to revoke its approval of a supplier or product if it is determined that it no longer meets quality or operational standards including customer service and pricing. Upon written notification of revocation, you must cease using the disapproved supplier or product.

If a Customer specifies the use of certain products or equipment for cleaning a particular surface or item, you are obligated to purchase or lease such products or equipment in accordance with those specifications as long as such products or equipment comply with OSHA requirements.

If you purchase any goods, services, supplies, materials or other products from a supplier who has established a business relationship with SBS Franchising, or purchase products directly from SBS Franchising, SBS Franchising may derive revenue from the purchase made by you, including rebates or other discounts from certain suppliers for purchases made by you and other franchisees.

During its most recent fiscal year, ending December 31, 2023, SBS Franchising did not receive any revenue from required purchases made by franchisees of goods, services, supplies, materials, or other products, but did receive rebates of approximately \$2,898 from purchases from its supplier of green cleaning chemicals, Nyco, by master franchisees and franchisees. In the last fiscal year, SBS Franchising’s rebates were approximately .001% of its total revenues.

You are not required to purchase or obtain from Stratus Milwaukee any goods, services, supplies, cleaning chemicals, fixtures, equipment, inventory, insurance coverage, or real estate for your business, although Stratus Milwaukee is an approved supplier of certain goods (including cleaning chemicals) and services,

and it may charge a mark-up on any sales of this type. Stratus Milwaukee uses its purchasing power to negotiate arrangements with some suppliers for your benefit, which typically represent a savings to you of 5% - 30% off the manufacturer's retail list price.

Since we are offering franchises for the first time under this disclosure document, during our most recent fiscal year, we had no revenue from the sale of equipment, chemicals, supplies, insurance, or uniforms to Unit Franchisees. However, it may derive such revenue in the future.

Stratus Milwaukee does not have a purchasing or distribution cooperative at this time, but may establish one in the future, in its sole discretion. Stratus Milwaukee does not provide any material benefit to a Franchisee based on the Franchisee's purchase of particular products or services or the use of particular suppliers.

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
Site selection and acquisition/lease	Not Applicable	Items 7, 11
Pre-opening purchases/leases	Section 6	Item 7
Site development and other pre-opening requirements	Not Applicable	Item 11
Initial and Ongoing training	Sections 1, 3 & 5	Item 11
Opening	Not Applicable	Item 11
Fees	Sections 1, 2, 7 & 8	Items 5 & 6
Compliance with standards and policies/ Brand Standards Manual	Section 5	Item 11
Trademarks and proprietary information	Sections 4 & 5	Items 13 & 14
Restrictions on products/services offered	Sections 5 & 6	Item 16
Warranty and customer service requirements	Section 6	Item 11
Territorial development and sales quotas	Not Applicable	Not Applicable
Ongoing product/service purchases	Section 6	Item 8
Maintenance, appearance, and remodeling requirements	Not Applicable	Not Applicable
Insurance	Section 11	Item 7
Advertising	Section 8	Items 6, 11
Indemnification	Section 13	Item 6
Owner's participation/management/staffing	Section 5	Item 15
Records and reports	Sections 3 & 5	Item 15

Obligation	Section in Franchise Agreement	Disclosure Document Item
Inspections and audits	Sections 3 & 5	Items 11 & 15
Transfer	Section 17	Item 17
Renewal	Section 15	Item 17
Post-termination obligations	Sections 4, 14 & 16	Item 17
Non-competition covenants	Section 16	Item 17
Dispute resolution	Section 25	Item 17

ITEM 10 FINANCING

There are two fees for which Stratus Milwaukee may offer to finance a portion: the initial franchise fee and the Account Acquisition Fee. Stratus Milwaukee reserves the right to refuse to offer you financing if it believes, in its sole judgment, that extension of the financing would constitute an unsound business decision. Within one week of providing Stratus Milwaukee with all of the information it requires, Stratus Milwaukee will provide you with a determination of whether or not it will extend financing to you. Stratus Milwaukee does not engage in the practice of selling, assigning, or discounting to a third party, in whole or in part, any note, contract or other instrument executed by you. However, it reserves the right to do so in the future.

Summary of Financing Offered:

Item Financed	Source of Financing	Down Payment	Amount Financed	Term (Yrs)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Franchise Fee	Us	\$1,000 - \$47,000 depending on size of franchise plan	\$3,000 - \$22,000 depending on size of franchise plan	3	15% - 18%. See Note 1	Depends on the amount financed	None	Franchise Assets	See Note 2	See Note 3
Account Acquisition Fee	Us	Depends on the value of the Customer Contracts acquired	Depends on the value of the Customer Contracts acquired	Up to 1	15% - 18%. See Note 1	Depends on the amount financed	None	Franchise Assets	See Note 2	See Note 3

1. In the event of default, interest will be paid at the rate of 18% (subject to state law) on all unpaid principal and interest from the date of default.
2. In the event of nonpayment or other default under the promissory note or in the event of a breach of the Franchise Agreement, the payment of the principal may be accelerated at the option of Stratus Milwaukee without notice or demand to the Franchisee. You also will be responsible for Stratus

Milwaukee's attorneys' fees as well as your own, in the event you are in default. Upon transfer, expiration or termination of the franchise, any principal balance becomes immediately payable.

3. A default of the Promissory Note, in addition to the above, is a default of the Franchise Agreement and if uncured will result in termination of the rights granted to you in the Franchise Agreement.

Financing of the Initial Franchise Fee

Stratus Milwaukee may offer to finance a portion of your initial franchise fee. If financed, the amount of the initial franchise fee ranges from \$4,000 to \$69,000 depending on the franchise plan you choose. You are responsible for providing a down payment in cash or certified funds upon signing the Franchise Agreement. The amount of the down payment ranges between \$1,000 and \$47,000 depending on the size of the franchise plan you have selected. Also upon signing the Franchise Agreement, you will sign a promissory note for the remainder of the initial franchise fee due to Stratus Milwaukee. The note must be guaranteed individually by all of the Franchisee's partners, members or shareholders, as applicable.

The promissory note is payable over a three-year period in equal monthly installments and accrues interest at 15% per year on the unpaid principal. You may pre-pay the note at any time without penalty. The form of promissory note is attached to the Franchise Agreement as Exhibit B.

Financing of the Account Acquisition Fee

In the event you choose to accept additional Customer Contracts offered by Stratus Milwaukee, it may offer to finance all or a portion of your Account Acquisition Fee. The Account Acquisition Agreement (attached to the Franchise Agreement as Exhibit C) offers two options for paying the Account Acquisition Fee: the sweat equity option or the loan option.

If the sweat equity option is elected and approved by Stratus Milwaukee, then a certain amount will be deducted from your monthly statement in consecutive, equal monthly installments until the account acquisition fee has been paid in full. No interest is assessed with this option.

If the loan option is elected and approved by Stratus Milwaukee, then you will owe Stratus Milwaukee the original acquisition fee less the amount of any down payment you may have made on the fee. The balance is payable over a three-year period in equal monthly installments and accrues interest at 15% per year on the unpaid principal. Stratus Milwaukee will be allowed to deduct your monthly payment from your accumulated total Gross Billings. If you do not make a payment, then the missed payment can be deducted in full from your next monthly statement. If there are performance cancellations, if you abandon a Customer Contract, if you breach the Franchise Agreement or the Stratus Policy and Procedures Guide, or if Stratus Milwaukee believes that your ability to repay the debt is impaired or unsatisfactory, then Stratus Milwaukee is entitled to call the debt immediately due and payable without any notice. You also will be responsible for Stratus Milwaukee's attorneys' fees as well as your own, in the event you are in default.

You may pre-pay the debt at any time without penalty. Upon transfer, expiration or termination of the franchise, any principal balance becomes immediately payable.

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ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Stratus Milwaukee is not required to provide you with any assistance.

Pre-Opening Assistance

Before opening your business, Stratus Milwaukee will:

1. Provide access to or provide on loan, one complete set of manuals, including the Brand Standards Manual.
2. Make known the equipment and supply starter package, and an approved list of suppliers. We do not provide you with equipment or supplies. A list of the equipment and supply starter kit is included in Exhibit B to this Disclosure Document. See Section 3.1 of the Franchise Agreement.
3. Provide the Brand Certification Program at Stratus Milwaukee’s office or at a location to be determined. The Brand Certification Program will consist of hands on training, videos, and in-depth, guided review of the Stratus Brand Standards Manual. See Sections 3.1 and 5.1 of the Franchise Agreement.
4. We do not provide any site assistance to you. Stratus Milwaukee does not require you to have an office or storage facility outside your home.

Post-Opening Assistance

During the operation of the franchise business, Stratus Milwaukee will:

1. Offer you Customer Contract(s) worth a minimum amount of yearly billings, based on the franchise plan you selected. If within one year from the start date of a customer's account, the customer should terminate your service for any reason except faulty workmanship, lack of trustworthiness, or other claimed defaults by you, or if you cease servicing the customer because of the customer’s non-payment, Stratus Milwaukee will replace the Customer Contract with another Customer Contract(s) on a proportionate basis. For example, if you were to provide services for a Customer Contract representing gross annual billings of \$12,000, and you only serviced it for six months, generating billings of \$6,000, you would be due Customer Contract(s) that would make up the \$6,000 difference. In this case, the monthly billing of the replacement Customer Contract(s) would be a total of \$500 per month. See Section 1 of the Franchise Agreement.
2. Provide an advisory service that includes consultation on promotional efforts, business or operational problems with analysis of your sales, marketing and financial data. Such services may be provided by use of mail, telephone or other means at Stratus Milwaukee’s discretion. See Section 3.1 of the Franchise Agreement.
3. Provide you with on-going invoicing and collection services. Each month Stratus Milwaukee will invoice your Customers for the cost of services rendered by you. Stratus Milwaukee will collect these monies and pay them to you on a monthly basis (on the 30th of the month following the month in which service was provided), after deduction of the 10% administration fee, the 5% royalty fee, the 5% insurance program fee (if applicable), subsequent Account Acquisition Fees, any supplies, any advertising fee (if such a fee is implemented), any transfer fee, that month’s payment on the promissory note, any other amounts owed, and any out-of-pocket costs (including, but not limited to, attorneys’ fees and court costs) incurred

by Stratus Milwaukee in enforcing payment of accounts by Customers, you or your guarantors. Stratus Milwaukee may engage attorneys, commence litigation, or do any acts in order to enforce payment by your Customers. However, Stratus Milwaukee will take no such action without first notifying you. See Section 3 of the Franchise Agreement.

4. Stratus Milwaukee will make available to you any improvements and changes in its services or business methods including the Brand Standards Manual, and other manuals to the same extent and in the same manner as they are made available to other franchisees.

5. Stratus Milwaukee will pay you each month on the last day of the month following the month you provide services to a customer from the amount paid by the customer. See Section 3.3 of the Franchise Agreement.

6. Assist in customer relations through visits to Customers to ensure their satisfaction with your services. Stratus Milwaukee, at its option, will also conduct inspections of your Customer Contract sites. See Section 3.2 of the Franchise Agreement.

7. Provide you with additional training under the Brand Certification Program in Stratus Milwaukee's sole discretion. Group seminars will be available from time-to-time and may be mandatory. There are no costs to you for the group seminars. See Sections 1.5 and 3.1 of the Franchise Agreement.

Time to Open

The typical franchisee will start servicing a Customer Contract approximately 30 to 60 days after the completion of the Brand Certification Program. However, the time for opening may range up to 180 business days from the date of the completion of the Brand Certification Program depending upon the circumstances, the acquisition of your supplies and equipment, the labor situation in your area and the needs of your Customer Contracts.

Advertising

Stratus Milwaukee does not currently charge an advertising fee. However, Stratus Milwaukee reserves the right, upon 30 days' written notice, to create an advertising fund and charge an associated advertising fee in an amount not to exceed 1% of monthly Gross Billings. Any advertising produced by the fund may be print, radio, television, or other media, and may be prepared by an outside agency. Stratus Milwaukee will not be required to spend any proportional amount of advertising fund fees on advertising specifically in your Territory. Stratus Milwaukee will not receive any payments from the advertising fund for any of its advertising/marketing activities. The advertising fund will be used to solicit Customer Contracts and not additional franchisees. A full description of the services provided to you by way of such advertising fee and a procedure by which you can request an accounting of the advertising fund will be furnished to you, if and when, an advertising fee/fund is established. There is no advertising council or cooperative at this time. See Section 8 of the Franchise Agreement.

If you wish to advertise your own operation, you must provide Stratus Milwaukee with a copy of any proposed advertising and Stratus Milwaukee and SBS Franchising must approve it before you use it. You are not permitted to establish a presence on, or market using, the Internet, any website, Social Media (such as Facebook, LinkedIn, Twitter, Instagram, Snapchat, YouTube, blogs and other online social networks, wikis, forums, content sharing communities, etc.), mobile app, or any other technology platform that may be developed in the future, in connection with the Franchised Business without our and SBS Franchising's prior written consent.

Computer

You are not required to purchase or use any cash register/point of sale system or any other computer hardware or software.

Brand Standards Manual

The Table of Contents of the Brand Standards Manual (and number of pages for each section) is provided in Exhibit G to this Disclosure Document. The total number of pages in the Brand Standards Manual is 138 pages.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Franchise Operations	1.5	0	Our or a local Customer's office
Cleaning Operations	1.5	2.5	Our or a local Customer's office
Evaluations	1	2	Our or a local Customer's office
Business Operations	1.5	2	Our or a local Customer's office
Office Care	1.25	0	Our or a local Customer's office
Restroom Care	1.25	0	Our or a local Customer's office
Total	8	6.5	

Training in the form of the Brand Certification Program is mandatory for each manager and supervisor of Franchisee for the amount of time listed in the above table. Brand Certification sessions will be on-going throughout the year. You will not be provided with any Customer Contracts until you have successfully completed the Brand Certification Program. Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the service standards of the System. You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

The Brand Certification Program will be conducted at Stratus Milwaukee's office or at one of its existing customer's buildings within commuting distance of your residence. Stratus Milwaukee may elect to provide training using a Customer Contract that you or another franchisee is servicing. You do not receive payment if you perform cleaning functions as part of the Brand Certification class. The Brand Certification Program may be condensed and accelerated at Stratus Milwaukee's discretion, based upon your skill level and prior experience.

The current instructor for all of the training is Stratus Milwaukee's Franchise Business Consultant.

The fee for the Brand Certification Program is included in, and paid for with, the initial franchise fee. There are no additional fees for this program. Any travel expenses for you and your employees are your responsibility.

Most franchise owners operate their business from their homes and do not have a need for an office outside their home. Therefore, Stratus Milwaukee does not provide any office site selection assistance for you.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from other outlets that we own, or from others channels of distribution or competitive brands that we control.

You will conduct your business within the Territory set forth in the Franchise Agreement. Your performance of services under the name “Stratus” is limited to the locations of the Customer Contracts designated for you. You may not service any Customers or Customer Contracts outside the Territory. Please note the following:

1. Stratus Milwaukee will sell numerous Stratus janitorial franchises in the same area as the Territory. Each franchisee will be licensed the right to use the Stratus service mark and logo on a non-exclusive basis in the same area as the Territory. Stratus Milwaukee will determine the number of such franchises.

2. Stratus Milwaukee may establish a company-owned outlet using its service mark and logo to facilitate the servicing of overflow Customers and other special-nature cleaning as part of its assistance to you.

3. Neither Stratus Milwaukee nor SBS Franchising or any affiliate of either company has established any other franchise providing cleaning services, or selling similar services under a different trade name or trademark. No other franchise program is presently contemplated.



4. We and SBS Franchising reserve the right to use various channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales within the Territory using the principal Marks. We are not required to pay you or any other franchisee for soliciting or accepting orders or customers from inside the Territory.

Under the terms of the Franchise Agreement, you are not required to achieve a sales or market penetration quota. The Franchise Agreement does not provide you any options, rights of first refusal or similar rights to acquire additional franchises.

ITEM 13 TRADEMARKS

Trademark Owner licenses the Stratus Marks to SBS Franchising, and SBS Franchising licenses Stratus Milwaukee to use the Stratus Marks described below in the Territory set forth in the Franchise Agreement. Under the Franchise Agreement, you are licensed to use the service mark, logo and any promotional material that SBS Franchising licensed to Stratus Milwaukee to conduct your janitorial cleaning business. The trademark “Stratus” includes trade names, trademarks, service marks and logos. You may also use any future trademarks Trademark Owner or SBS Franchising may develop, incorporate and license to Stratus Milwaukee to operate your business.

Trademark Owner owns the following trademarks on the Principal Register of the U.S. Patent & Trademark Office (“USPTO”):

Trademark	Registration Number	Registration Date
STRATUS BUILDING SOLUTIONS	3,230,289	April 17, 2007 (renewed)
STRATUS BUILDING SOLUTIONS	5,811,443	July 23, 2019
STRATUS	5,296,290 5,296,293	September 26, 2017
STRATUS (& Design) 	5,441,491 5,441,492	April 10, 2018
STRATUS BUILDING SOLUTIONS (& Design) 	6,128,579	August 18, 2020
STRATUS CLEAN	6,853,352	September 20, 2022

There is no pending, infringement, opposition or cancellation nor any pending material federal or court litigation involving Trademark Owner's, SBS Franchising's, or Stratus Milwaukee's use or ownership rights in the above marks.

Trademark Owner licenses the Marks and certain other intellectual property (collectively, the "IP") to SBS Franchising pursuant to a License and Royalty Agreement, under which SBS Franchising is required to make monthly payments to Trademark Owner for the right to use and sublicense the IP. The License and Royalty Agreement does not significantly limit SBS Franchising's right to use or license the trademarks in any manner material to you, and there are no other agreements that limit SBS Franchising's right to use or license the use of the trademarks.

SBS Franchising has licensed to us the right to use the Marks, and to sublicense them to our franchisees, under our Stratus Regional Franchise Agreement. You are licensed to use the SBS Marks under the rules set forth in Section 4 of the Franchise Agreement. You must follow these rules when you use these Marks. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which Stratus Milwaukee licenses to you. You may not use SBS Franchising's or Stratus Milwaukee's registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Stratus Milwaukee.

In the event that Stratus Milwaukee's license to use the "Stratus" marks is terminated, cancelled, or not renewed, you must immediately cease use of the "Stratus" name and marks, except if a new regional franchisor has been designated by SBS Franchising.

You must notify Stratus Milwaukee immediately when you learn about an infringement of or challenge to your use of any Mark. Stratus Milwaukee will determine and take the action that it thinks is appropriate. Stratus Milwaukee is not required to defend you against a claim against your use of the trademark, nor will Stratus Milwaukee indemnify you for damages or expenses if a trademark proceeding is decided unfavorably to you. Trademark Owner or SBS Franchising has the exclusive right to control any settlement, litigation or proceeding arising out of or related to the Marks or IP. Stratus Milwaukee makes no warranty, expressed or implied as to the use, validity or enforceability of the Marks.

You must modify or discontinue the use of a trademark if SBS Franchising or Stratus Milwaukee modifies or discontinues it. If this happens, Stratus Milwaukee may reimburse you for your tangible costs of compliance (for example, costs of new business cards), but it is not obligated to do so. You must not directly or indirectly contest Trademark Owner's, SBS Franchising's, or Stratus Milwaukee's right to any trademarks, trade secrets or business techniques that are part of the business.

All required affidavits pertaining to these registrations have been filed or will be filed by the deadlines for active trademarks above. SBS Franchising and Stratus Milwaukee do not know of any infringing uses that could materially affect your use of the trademark. There are no presently effective determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceeding, or any pending material litigation involving such trademarks, service marks, trade names, large types or other commercial symbols.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Trademark Owner maintains ownership of the IP, including trade secrets, and proprietary information contained in all manuals, advertising, logos, and related materials that have been developed. Trademark Owner does not have any registered patents or copyrights, but it does claim a copyright to all intellectual property, including but not limited to the Brand Standards Manual and all forms and advertising materials. Your obligations to protect your rights to use the IP are the same as the obligations for the trademarks described in Item 13 above. There are no agreements currently in effect which significantly limit your right to use any IP.

You do not own any right in or to any IP of Trademark Owner, SBS Franchising, or Stratus Milwaukee. You will not at any time directly or indirectly furnish to any person not directly affiliated with the Stratus franchise system any information as to Trademark Owner's, SBS Franchising's, or Stratus Milwaukee's confidential information, trade secrets, methods of operation or techniques of doing business learned by you from Stratus Milwaukee.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must participate in the operation and management of the day-to-day functions of your Franchised Business. In the opinion of Stratus Milwaukee, the concept of owner/operator insures a consistently high quality of work. The choice of managers, and employees, and their terms and conditions of employment is your sole decision.

The franchise must be operated by a business entity, such as a limited liability company, corporation, or partnership. Each shareholder, partner, member, director, manager and officer must personally be responsible for the franchise obligations. Each owner, manager and supervisor of the Franchisee must successfully complete our Brand Certification Program. Additionally, one owner holding at least fifty percent (50%) ownership must be named as the managing owner and must be in charge of directing the operations of the Franchised Business. You must hire all employees used in the operation of the Franchised

Business (including any of your owners working in the Franchised Business) and must comply with all federal, state, and local laws and regulations related to the operation of an entity and employment of individuals, including but not limited to deduction from such employees' salaries, and payment to the appropriate tax authorities, of all employee taxes and workers' compensation insurance and unemployment insurance. Except as otherwise provided in the Franchise Agreement or this Disclosure Document, you will have sole control over which Customer Contracts you wish to accept and the strategy and method of business expansion and acquisition (if any) of any additional Customer Contracts or other Customers.

The Franchisee and any affiliate and owners are subject to non-solicitation restrictions after the termination of the Franchise Agreement.

You are required to keep true and accurate business records that must be open to inspection by Stratus Milwaukee, or its authorized representative, during regular business hours, and Stratus Milwaukee shall have the right to examine these records.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to perform all the janitorial and cleaning services specified by Stratus Milwaukee. You may not perform any other services without its prior consent, except for soliciting and obtaining Customer Contracts without our assistance and performing isolated services. See **Item 1** and **Item 6** (notes 5 and 14). You will offer and render janitorial services to residential and commercial customers and the sale of replenishable items used by the customer. Stratus Milwaukee will provide you with Customer Contracts to service in accordance with your franchise plan. Stratus Milwaukee has the right to change the authorized goods and services that the Franchisee may offer, but such goods and services will be related to the areas of building and property maintenance, decoration, refurbishment and renovation.

During the period of the Franchise Agreement and for a period of two years after the termination of the Franchise Agreement, you may not divert, solicit, or attempt to divert or solicit, any business or customer of Stratus Milwaukee, your Franchised Business or any other franchisee of Stratus Milwaukee, provide services to any business or customer, other than those approved by us, using the Marks or any Stratus trade dress, Stratus brand materials, supplies or other equipment used in the Stratus Franchised Business, or perform any act injurious or prejudicial to the goodwill associated with the Marks.

During such period, no other restrictions are placed upon any other supplemental business you may conduct. These limitations have been imposed by Stratus Milwaukee in order to assure reliable, consistent and high quality services to Customers.

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ITEM 17 RENEWAL, TERMINATION, TRANSFERS, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists some important provisions of the franchise and related agreements. You should read these provisions as they appear in the agreements attached to this Disclosure Document.

Provision	Section In Franchise Agreement	Summary
a. Length of the franchise term	Section 15	Term is 12 years
b. Renewal or extension of the term	Section 15	If you are in good standing you may renew the franchise subject to the conditions in (c) below.
c. Requirements for you to renew or extend	Section 15	Notify Stratus Milwaukee of intent to renew at least 180 days and no more than 60 days prior to expiration of term, sign a new franchise agreement (which may have materially different terms and conditions than your original agreement) at least 30 days prior to expiration of term, no default under Franchise Agreement, update equipment and supplies. No payment of an additional franchise fee or renewal fee will be required.
d. Termination by you	Section 14	You may terminate the Franchise Agreement, upon written notice to Stratus Milwaukee, if you are in compliance with the Agreement and Stratus Milwaukee fails to substantially perform its obligations under the Franchise Agreement. Termination will occur 60 days following written notice of said default from you to Stratus Milwaukee if Stratus Milwaukee has failed to cure said default by then. You agree to comply with all post-termination obligations described in Section 16 of the Franchise Agreement. Your termination of the Agreement for any other reason or without such notice will be deemed null and void.
e. Termination by us without cause	Section 14	Your Franchise Agreement is subject to immediate termination if Stratus Milwaukee's Master Franchise Agreement with SBS Franchising is terminated or not renewed.
f. Termination by us with cause	Section 14	Stratus Milwaukee can terminate if you are in default of the Franchise Agreement.
g. "Cause" defined - defaults which can be cured	Section 14	You have 10 days to cure; failure to meet obligations; one or more discontinuance's of a Customer Contract without prior consent; attempt to assign agreement or assets without prior consent; breach of Franchise Agreement.
h. "Cause" defined - defaults which cannot be cured	Section 14	Non-curable defaults; conviction of felony, insolvency, voluntary abandonment.
i. Your obligations on termination/nonrenewal	Sections 4.2 & 14	Obligations include complete de-identification and payment of amounts due (also see Item 17(r), below).
j. Assignment of contract by us	Section 17	No restriction on Stratus Milwaukee's right to assign, provided assignee is capable of and consents to perform obligations of Franchise Agreement
k. "Transfer" by you - definition	Section 17	Includes transfer of contract or assets or ownership change.
l. Our approval of your transfer	Section 17	Stratus Milwaukee has the right to approve all transfers but will not unreasonably withhold approval.

Provision	Section In Franchise Agreement	Summary
m. Conditions for our approval of transfer	Section 17	New franchisee qualifies, transfer fee paid, purchase agreement approved, Brand Certification Program arranged, release signed by you and current agreement signed by new franchisee (also see Item 17(r), below).
n. Our right of first refusal to acquire your business	N/A	
o. Our option to purchase your business	N/A	
p. Your death or disability	Section 17	Franchise must be assigned by estate to approved buyer within 6 months
q. Non-competition covenants during the term of the franchise	Section 16	You are prohibited from, within the Territory or a distance of 20 miles from the Territory: (i) diverting, soliciting, or attempting to divert or solicit, any business or customer of us, your Franchised Business, or any other franchisee of ours; or (ii) providing commercial cleaning and maintenance services to any Customer: (a) who is currently serviced by you, any other franchisee, or other person under the System and the Marks; (b) who has been serviced by you, any other franchisee, or other person under the System and the Marks within the previous 18-month period; or (c) otherwise damaging the goodwill associated with the Marks.
r. Non-competition covenants after franchise is terminated or expires	Section 16	For 2 years after expiration or termination of the Franchise Agreement, you are prohibited from, within the Territory or a distance of 20 miles from the Territory: (i) diverting, soliciting, or attempting to divert or solicit, any business or customer of us, your Franchised Business, or any other franchisee of our; or (ii) providing commercial cleaning and maintenance services to any Customer: (a) who is currently serviced by you, any other franchisee, or other person under the System and the Marks; (b) who has been serviced by you, any other franchisee, or other person under the System and the Marks within the previous 18-month period prior to the expiration of termination of the Franchise Agreement; or (c) otherwise damaging the goodwill associated with the Marks.
s. Modification of the agreement	Section 19	No modifications generally without mutual consent but the Brand Standards Manual is subject to change without Franchisee consent.
t. Integration/merger clause	Section 23	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises not contained in agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 25	Disputes arising under Franchise Agreement settled by mediation or by arbitration by the American Arbitration Association (subject to state law).
v. Choice of forum	Section 25	Wisconsin county where Franchisor headquarters is located.
w. Choice of law	Section 25	Wisconsin

The following states have statutes which may supersede the Franchise Agreement in your relationship with Stratus Milwaukee including the areas of termination and renewal of your franchise: WISCONSIN [Stat. Section 135.03].

The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. et seq.).

Stratus Milwaukee will not assign its rights under the Franchise Agreement except to an assignee who in Stratus Milwaukee's good faith and judgment is willing and able to assume its obligations under the Franchise Agreement.

ITEM 18 PUBLIC FIGURES

Neither SBS Franchising nor Stratus Milwaukee use any public figure to promote the franchised business.

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 the information and if the information is included in the Disclosure Document. Financial performance information that differs from that included in this **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 do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchisee outlets. We also do not authorize their employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing franchised business that was previously owned by another franchisee, we may provide you with the actual records of that existing franchised business. 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 Tywone Redmond, 1100 Commerce Drive, Suite 113, Mount Pleasant, Wisconsin 53406, (262) 456-2930, the Federal Trade Commission and the appropriate state regulatory agency.

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ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

The tables below list the status of franchises licensed by Stratus Milwaukee.

Table No. 1
Stratus Milwaukee
System-wide Outlet Summary
For Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	0	0	0
	2022	0	0	0
	2023	0	0	0

*We are offering and selling franchises for the first time under this disclosure document.

Table No. 2
Stratus Milwaukee
Transfers of Outlets from Franchisee to New Owners
(Other than the Franchisor)
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2021	0
	2022	0
	2023	0

*We are offering and selling franchises for the first time under this disclosure document.

The remainder of this page has been intentionally left blank.

Table No. 3
Stratus Milwaukee
Status of Franchised Outlets²
For Years 2021 to 2023*

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

*We are offering and selling franchises for the first time under this disclosure document.

Table No. 4
Stratus Milwaukee
State of Company-Owned Outlets
For Years 2021 to 2023

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Wisconsin	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

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Table No. 5
Stratus Milwaukee
Projected Openings as of December 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchise Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Wisconsin	0	24	0
Total	0	24	0

The tables below list the status of System-wide unit franchises operating under the Stratus marks.

Table No. 1
SBS Franchising, LLC
System-wide Outlet Summary
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	2053	2318	+265
	2022	2318	2587	+269
	2023	2587	3144	+557
Company-owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	2053	2318	+265
	2022	2318	2587	+269
	2023	2587	3144	+557

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Table No. 2
SBS Franchising, LLC
Transfers of Outlets from Franchisee to New Owners
(Other than the Franchisor)
For Years 2021 to 2023

State	Year	Number of Transfers
Arizona	2021	0
	2022	0
	2023	1
California	2021	0
	2022	2
	2023	0
Colorado	2021	2
	2022	1
	2023	2
Florida	2021	0
	2022	1
	2023	0
Iowa	2021	0
	2022	1
	2023	5
Indiana	2021	0
	2022	1
	2023	1
Kansas	2021	0
	2022	0
	2023	2
Kentucky	2021	0
	2022	0
	2023	1
Michigan	2021	1
	2022	0
	2023	0
Nebraska	2021	0
	2022	4
	2023	1
New Jersey	2021	0
	2022	0
	2023	0

New York	2021	0
	2022	1
	2023	0
Pennsylvania	2021	1
	2022	3
	2023	0
South Carolina	2021	0
	2022	0
	2023	1
Texas	2021	0
	2022	2
	2023	3
Utah	2021	0
	2022	3
	2023	5
Totals	2021	4
	2022	19
	2023	22

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Table No. 3
SBS Franchising, LLC
Status of Franchised Outlets
For Years 2021 to 2023*

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
Arizona	2021	36	2	3	0	0	0	35
	2022	35	3	1	0	0	0	37
	2023	37	9	1	0	0	0	45
California	2021	269	14	8	0	0	0	275
	2022	275	37	45	0	0	0	267
	2023	267	46	14	0	0	0	299
Colorado	2021	143	15	10	0	0	0	148
	2022	148	28	14	0	0	0	162
	2023	162	37	16	0	0	0	183
Delaware	2021	23	13	2	0	0	0	34
	2022	34	4	3	0	0	0	35
	2023	35	4	2	0	0	0	37
Florida	2021	91	62	22	0	0	0	131
	2022	131	62	26	0	0	0	167
	2023	167	89	27	0	0	0	229
Georgia	2021	36	27	18	0	0	0	45
	2022	45	15	14	0	0	0	46
	2023	46	35	1	0	0	0	80
Hawaii	2021	12	5	1	0	0	0	16

	2022	16	1	0	0	0	0	17
	2023	17	0	0	0	0	0	17
Illinois	2021	17	9	1	0	0	0	25
	2022	25	46	8	0	0	0	63
	2023	63	57	11	0	0	0	109
Indiana	2021	90	36	13	0	0	0	113
	2022	113	23	31	0	0	0	105
	2023	105	33	24	0	0	0	114
Iowa	2021	81	6	2	0	0	0	85
	2022	85	14	6	0	0	0	93
	2023	93	10	5	0	0	0	98
Kansas	2021	82	16	10	0	0	0	88
	2022	88	9	1	0	0	0	96
	2023	96	21	3	0	0	0	114
Kentucky	2021	0	0	0	0	0	0	0
	2022	0	14	1	0	0	0	13
	2023	13	17	3	0	0	0	27
Louisiana	2021	48	13	0	0	0	0	61
	2022	61	1	3	0	0	0	59
	2023	59	20	12	0	0	0	67
Maryland	2021	33	20	5	0	0	0	48
	2022	48	17	5	0	0	0	60
	2023	60	22	5	0	0	0	77
Minnesota	2021	22	7	3	0	0	0	26
	2022	26	7	6	0	0	0	27

	2023	27	21	5	0	0	0	43
Michigan	2021	22	38	13	0	0	0	47
	2022	47	50	21	0	0	0	76
	2023	76	68	8	0	0	0	136
Nebraska	2021	73	7	1	0	0	0	79
	2022	79	11	19	0	0	0	71
	2023	71	11	0	0	0	0	82
Nevada	2021	2	5	1	0	0	0	6
	2022	6	13	5	0	0	0	14
	2023	14	21	10	0	0	0	25
New Jersey	2021	69	8	0	0	0	0	77
	2022	77	7	3	0	0	0	81
	2023	81	11	8	0	0	0	84
New York	2021	52	5	22	0	0	0	35
	2022	35	6	3	0	0	0	38
	2023	38	7	0	0	0	0	45
North Carolina	2021	17	15	7	0	0	0	25
	2022	25	18	8	0	0	0	35
	2023	35	29	6	0	0	0	58
Ohio	2021	116	34	21	0	0	0	129
	2022	129	49	26	0	0	0	152
	2023	152	53	14	0	0	0	191
Oklahoma	2021	37	1	7	0	0	0	31
	2022	31	8	1	0	0	0	38
	2023	38	29	9	0	0	0	58

Oregon	2021	5	5	3	0	0	0	7
	2022	7	18	0	0	0	0	25
	2023	25	12	-1	0	0	0	38
Pennsylvania	2021	92	33	11	0	0	0	114
	2022	114	33	23	0	0	0	124
	2023	124	26	19	0	0	0	131
South Carolina	2021	84	19	8	0	0	0	95
	2022	95	21	7	0	0	0	109
	2023	109	26	17	0	0	0	118
Tennessee	2021	171	30	23	0	0	0	178
	2022	178	27	24	0	0	0	181
	2023	181	25	19	0	0	0	187
Texas	2021	169	34	7	0	0	0	196
	2022	196	41	25	0	0	0	212
	2023	212	49	14	0	0	0	247
Utah	2021	127	5	11	0	0	0	121
	2022	121	15	11	0	0	0	125
	2023	125	16	8	0	0	0	133
Virginia	2021	2	8	1	0	0	0	9
	2022	9	5	2	0	0	0	12
	2023	12	4	1	0	0	0	15
Washington	2021	32	10	3	0	0	0	39
	2022	39	13	5	0	0	0	47
	2023	47	14	4	0	0	0	57
Totals	2021	2053	502	237	0	0	0	2318

	2022	2318	616	347	0	0	0	2587
	2023	2587	822	265	0	0	0	3144

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
SBS Franchising, LLC
Status of Company-Owned Outlets
For Years 2020 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at End of the Year
Total s	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
SBS Franchising, LLC
System-wide Projected Openings as of December 31, 2023

State	Franchise Agreements Signed, But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	6	0
California	5	68	0
Colorado	4	50	0
Delaware	1	7	0
Florida	9	108	0
Georgia	2	28	0
Hawaii	0	2	0
Illinois	2	26	0
Indiana	7	85	0
Iowa	3	42	0
Kansas	1	17	0
Kentucky	2	26	0
Louisiana	2	2	0
Maryland	2	31	0

Michigan	6	92	0
Minnesota	1	13	0
Missouri	1	0	0
Nebraska	2	20	0
Nevada	2	24	0
New Jersey	1	11	0
New York	1	11	0
North Carolina	3	33	0
Ohio	6	80	0
Oklahoma	2	15	0
Oregon	2	31	0
Pennsylvania	4	61	0
South Carolina	3	39	0
Tennessee	4	50	0
Texas	4	70	0
Utah	2	28	0
Virginia	1	9	0
Washington	2	26	0
Wisconsin	2	20	0
All Other States	0	0	0
Totals	89	1127	0

Exhibit D-1 lists the name of all current Stratus Milwaukee franchisees and their addresses and telephone numbers as of December 31, 2023 (none).

Exhibit D-2 lists the name of all current Stratus franchisees System-wide and their addresses and telephone numbers as of December 31, 2023 (none).

Exhibit E lists the name, city and state, and current business telephone number, or if unknown, the last known telephone number of every Stratus Milwaukee franchisee who had its franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during Stratus Milwaukee's most recent fiscal year or who has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. There are currently no current or former franchisees who have signed agreements restricting their ability to speak openly about their experience with us.

ITEM 21 FINANCIAL STATEMENTS

Included in this Disclosure Document at **Exhibit F-1** is the unaudited beginning balance sheet of SBS Milwaukee as of December 31, 2023. Also included at **Exhibit F-1** are the unaudited balance sheet and statement of income for SBS Milwaukee as of April 30, 2024. Included in this Disclosure Document at **Exhibit F-2** are the audited financial statements of SBS Franchising for the fiscal years 2021, 2022, and 2023.

ITEM 22 CONTRACTS

This Disclosure Document contains the following contracts: Franchise Agreement (Exhibit A).

ITEM 23 RECEIPTS

You will find copies of a detachable receipt in Exhibit J at the very end of this Disclosure Document.

EXHIBIT A
FRANCHISE AGREEMENT

[See attached]

**STRATUS BUILDING SOLUTIONS OF MILWAUKEE
UNIT FRANCHISE AGREEMENT**

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Exhibit A – The Marks

Exhibit B – Promissory Note

Exhibit C – Account Acquisition Agreement

Exhibit D – Confidentiality, Non-Use and Non-Competition Agreement

Exhibit E – Franchisee Compliance Certification

Exhibit F – General Release

STRATUS BUILDING SOLUTIONS

UNIT FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into by and between M & R Cleaning Solutions LLC, a Wisconsin limited liability company, d/b/a Stratus Building Solutions of Milwaukee with its principal office located at: 1100 Commerce Drive, Suite 113, Mt. Pleasant, WI 53406 (hereinafter referred to as “we,” “us,” “our,” or “Master Franchisee”) and the following independent business:

Entity Name: _____

Principal Address: _____

(hereinafter referred to as “you,” “your,” or “Franchisee”).

RECITALS

- A. We are a master franchisee operating under a master franchise agreement with SBS Franchising, LLC (“SBS” or “SBS Franchising”) within the Territory (defined below).
- B. We are in the business of offering franchises for independent businesses to operate a commercial cleaning and maintenance business, under the Stratus system of specifications and operating procedures (“System”) and the service marks “Stratus” and “Stratus Building Solutions,” and such other marks and logos as we may prescribe from time to time (“Marks”). Franchisees provide commercial cleaning and maintenance services to interior and exterior environments of business and residential locations.
- C. The Marks are owned by Diversified Royalty Corporation (“Trademark Owner”) and are licensed to SBS in accordance with a License and Royalty Agreement; SBS has granted us the right to offer franchises under the System and the Marks in the Territory (defined below).
- D. You wish to acquire the right to operate a franchise under the System and the Marks and in connection therewith to avail yourself of various other services provided by us as described in this Agreement.
- E. We will, during the course of our relationship with you, provide you certain information relating to the System, including, without limitation, a brand standards manual (“Brand Standards Manual”), which includes content about franchise operations, cleaning operations, evaluations, business operations, office care, restroom care, trade names, trademarks, product designs and plans and other proprietary business concepts and plans (collectively, the “Confidential Information”).
- F. You acknowledge that you have read this Agreement and the Franchise Disclosure Document for prospective franchisees and have been given at least fourteen (14) days to obtain clarification of any provision that you may not understand.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained herein, you and we agree as follows:

1. GRANT OF FRANCHISE RIGHTS AND INITIAL CUSTOMER CONTRACTS

1.1 Grant

We grant you the right, and you accept the obligation, to operate a commercial cleaning and maintenance business under the System and Marks on the terms described in this Agreement (“Franchised Business”). You agree to operate your Franchised Business only in the Territory described in Section 1.2 below.

1.2 Franchise Plan

We will furnish to you a franchise plan that will consist of one (1) or more customer contract(s) (“Customer Contracts”) for customers (“Customers”) located in CITY, STATE MSA (the “Territory”) with a value of \$_____ in gross annual billings (as it may be modified hereunder from time to time, the “Franchise Plan”).

We will use our reasonable commercial efforts, to the extent practicable, to permit you to provide your input regarding service specifics (estimate, cost assessments, ordering supplies, and Clean Schedule (described below) in connection with each Customer Contract. In such cases where we permit you to provide your input, you may provide your input regarding specific details related to the Customer Contract or Franchise Plan, including, without limitation, regarding the estimate, time and personnel necessary to complete such plan, cost assessments, ordering supplies, etc. and we shall take such input into account in bidding Contracts and developing the Franchise Plan.

You shall have complete discretion to determine your own hours and the manner in which you complete all work for Customers; provided however, that the work completed for the Customer complies with the Customer’s requirements as identified in the “Clean Schedule” provided to you prior to conducting work for the customer. The “Clean Schedule” describes the work required by the Customer and is a guide to the performance of your services to the Customer.

1.3 Non-exclusive Rights. You acknowledge and agree that your rights in the Territory are not exclusive to the you and we may grant other franchises to other parties to operate in the Territory. You may not service outside of the Territory any Customers or Customer Contracts acquired under this Agreement.

1.4 Timing of Acquisition of Initial Customer Contracts

We have the following time periods to offer initial Customer Contracts to you from the date of your completion of the Brand Certification Program (described in Section 3.1 below):

- (i) One hundred and twenty (120) business days, for any initial Franchise Plan with a value of up to \$36,000 in gross annual billings; or
- (ii) One hundred and twenty (120) business days plus an additional thirty (30) business days, for each additional \$12,000 of in gross annual billings in the Franchise Plan, over the initial \$36,000 in gross annual billings.

The time periods described above may be extended upon your and our mutual agreement or for the following amount of time in the following circumstances:

- (i) Your Re-certification. If any Customer Contract offered to you in fulfillment of the initial Franchise Plan cancels your services for faulty workmanship, or other default under such Customer Contract, or we discontinue your service to such Customer, we may require re-certification of your representative and the time within which to offer Customer Contracts with the value of gross annual billings in the Franchise Plan will be suspended until your representative completes re-certification to our satisfaction.
- (ii) Your Material Breach of the Agreement. If you are in breach of any material provision of this Agreement, any Customer Contract or any other Agreement with us, the time in which to offer Customer Contracts with the value of gross annual billings in the Franchise Plan will be suspended until all material breaches are cured.

1.5 Your Acceptance and/or Refusal of Customer Contracts

After our offer of Customer Contracts to you, within seven (7) calendar days, you must either notify us in writing of your acceptance or refusal to accept the Customer Contract(s). If you fail to accept or refuse such Customer Contract(s), you will be deemed to have accepted such Customer Contract(s).

Upon your acceptance of such account(s), you will own the Customer Contract(s). Your Customer Contract(s) will remain your property, unless any Customer Contract is returned to us as provided in Section 6.2 of this Agreement. Your refusal to accept any Customer Contract will in no manner be construed as a breach of our obligations under this Section 1.

We make no representations with respect to the profitability or the amount of labor required to fulfill the initial Customer Contract(s) other than it will comply, at the time the Franchise Agreement is granted, with the Franchise Plan as defined in Section 1.2, or of any additional Customer Contracts that are offered to you. You acknowledge that (1) you may be involved in the bidding of Customer Contract(s), to the extent described in Section 1.2 above, and (2) the means by which your obligations to the customer are fulfilled during the term of this Agreement are solely within your control.

In the event that you reject any Customer Contracts provided as part of this Franchise Plan or subsequently discontinue servicing such Customer, then we will be deemed to have fulfilled our obligations hereunder. However, if within one (1) year from the starting date of your services, a Customer should terminate the services of yours for any reason except faulty workmanship, lack of trustworthiness, or other claimed defaults on the part of you or if you should cease servicing a Customer because of the Customer's failure to pay for services rendered, we will offer to replace these terminated Customer Contract(s) with other janitorial Customer Contract(s) within a reasonable time, prorated based upon the original gross annual billings. If the new Customer Contract(s) total more than the prorated original Customer Contract(s), an Account Acquisition Fee will be assessed on the overage as if such overage was an additional Customer Contract offered pursuant to Section 2.1.

1.6 Additional Business Services

In addition to your performance of the Franchise Plan, we encourage and expect you to develop your own business, independent of the Franchise Plan that would be an independent source of revenue for you, (1) by obtaining your own Customer Contracts (as further described in Section 2.3 below) and (2) by offering and providing services to customers of the Franchised Business and other customers that are Additional Business Services (as further described in Section 2.4 below).

2. ADDITIONAL CONTRACTS

2.1 Contract Acquisition Program

During the Term of this Agreement, we may offer to you, and you may accept, additional Customer Contracts if we determine, in our reasonable business judgment, that you can satisfactorily service such additional accounts. To obtain additional Customer Contracts, you must pay us an Account Acquisition Fee based on the Franchise Plan level selected (see Section 7.2 of this Agreement) and/or your current annualized Gross Billings, and, at our option, sign a general release. These additional Customer Contracts will be subject to the terms of this Agreement.

Upon your acceptance of such additional Customer Contract(s), you will own the Customer Contract(s). Your Customer Contract(s) will remain your property unless it returned to us as provided in Section 6.2 of this Agreement.

2.2 Stratus Referral Program

You may obtain additional Customer Contracts by referring a potential franchisee to us through a written notice to us. When the potential franchisee enters into a franchise agreement with us, you will receive additional Customer Contract(s) with an annual value equal to ten percent (10%) of the amount of the gross annual billings in the Franchise Plan purchased by such potential franchisee. These additional Customer Contracts will be subject to the terms of this Agreement as if purchased hereunder.

2.3 Your Obtained Customer Contracts

Because you are operating your own business, to expand your business you may (1) bring your own clients with you that you have previously serviced prior to the Term or (2) identify potential new clients within the Territory and solicit the potential client to become your Customer by entering into a Customer Contract. Further, if you see benefit and at your request, we will utilize our best efforts to assist you in soliciting the potential customer to become your Customer by entering into a Customer Contract.

If you bill and collect such Customer Contracts on your own and service such a Customer without use of the Stratus Marks and/or System, you will not pay us a royalty fee or administration fee on such Customer Contracts. However, if we perform billing and collection for such Customer Contracts or you solicit or service such Customers using the Stratus Marks and/or System, you must pay us a royalty fee and an administration fee as provided in Sections 7.3 and 7.4 below.

If you bring your own Customer(s) with you or you obtain your own Customer Contracts, you will own those Customer Contracts, and those Customer Contracts will remain your property unless they are transferred to us as provided in Section 6.2 of this Agreement.

2.4 Your Additional Business Services

We encourage you to offer and provide additional business services separate from those offered by the Franchised Business to generate separate revenue streams (the “Additional Business Services”). Such Additional Business Services may include, but are not limited to, residential cleaning services, waste removal, snow removal, and recycling services. You shall have the right to offer the Additional Business Services to existing Customers that were originally introduced to you by us and new Customers. You shall have no right to use the Stratus Marks and System Standards (defined in Section 5.2 below) in providing the Additional Business Services; provided, however, that any isolated cleaning services described in Section 7.6 hereof shall be subject to the terms and conditions of such provision. Your Additional Business Services shall not include any activities prohibited by the non-solicitation provisions in Section 16 hereof.

2.5 Insurance for Your Obtained Customer Contracts and Additional Business Services

You acknowledge and agree that you will be obligated to obtain, at your own expense, your own insurance coverage for any work you perform for Customers as described in Section 2.3 or 2.4 hereof, including, without limitation, general liability insurance and workers’ compensation insurance.

3. ADMINISTRATION SERVICES

3.1 Brand Certification Program, Customer Relations and Accounting

We provide a comprehensive Brand certification program (“Brand Certification Program”) for you, which includes video, classroom and on-site components that cover the actual work that will be performed by your Franchised Business. Personal consultations can also be scheduled at your request. You are required to have your representative complete the Brand Certification Program to our satisfaction. Group seminars will be available from time to time at our sole discretion, which seminars may be mandatory. There are no costs to you for personal consultations and group seminars. Your employees will fulfill the obligations of the customer agreements in accordance with the System Standards (defined in Section 5.2) and within the terms of the contract. Your employees must be properly trained and capable of performing their duties in accordance with System Standards. You must conduct a thorough Brand certification class for your employees as described in the Unit Franchise Brand Standards Manual and as otherwise required by us. After your completion of the Brand Certification Program we will loan you one (1) copy of the Brand Standards Manual, or otherwise make it available to you, for your use during the term of this Agreement.

3.2 Customer Relations Assistance

You and your employees are responsible for providing courteous service to your customers and respond to any concerns, comments or complaints promptly. We may assist you with your customer service efforts and will use our best efforts to assist in customer relations. We may send a representative to visit customers during normal business hours in an effort to insure compliance with the System’s brand standards and customer satisfaction. Results of these site inspections will be made known to you by mail, phone, or other manner. Regularity of these visits is determined solely by us and should in no way replace customer service efforts that you are required to employ.

3.3 Billing, Collections and Records

We will regularly (i) provide billing and invoicing services for your Customer Contracts and accept and process payments from all customers for your Customer Contracts and (ii) collect monies in your name and with your authority from your Customer Contracts, except as described in Section 2.3 above. We will invoice your Customer Contracts on a monthly basis, unless your customer requests an alternate payment arrangement or a service contract requires a different procedure. You must maintain revenue records. We reserve the right to maintain revenue records on all of your Customer Contract(s). We reserve the right to provide billing and invoicing services for lines of credit with suppliers. If we do so, such billing and invoicing services shall be provided in the same manner as described herein.

3.4 Accounting

- 3.4.1 We will deduct royalties, administrative fees, insurance fees, any supplies, any advertising fees, any Brand certification fees, any transfer fees, that month's payment on any promissory note, or any other monies then owed by you, and uncollected accounts receivable in accordance with this Section 3.4. If you approve our attempts to enforce any payments of accounts by Customers, in accordance with this Section 3, or if you are in default of any monies owed to us or is otherwise in breach of this Agreement, we will deduct any out-of-pocket costs (including, but not limited to, reasonable attorney's fees and court costs) which may be incurred by us in enforcing payments of accounts by Customers.
- 3.4.2 We will pay you each month (on the last business day of the month following the month in which service was provided) from the amount paid by the customer(s) you serviced during the previous month net of the amounts described in the previous paragraph. We will pay you for services provided no earlier than the thirtieth (30th) day following the month the services were rendered and will not exceed the sum total due to you (after all deductions set forth above) from all accounts you are currently servicing.
- 3.4.3 We will make our best efforts to collect monies due pursuant to each Customer Contract. If we determine that a Customer is a bad risk, you may, in your sole discretion, cease providing services to pursuant to that Customer Contract. We may engage attorneys, commence litigation or do any acts in order to enforce payment of the accounts by the Customers, upon your consent. We shall notify you before taking such action and you agree to cooperate with us in any such action and to pay the reasonable attorney's fees, court costs and other expenses incurred in connection with such action. If after collection action has begun, and the Customer pays the previously uncollected account receivable, we shall add such fees, costs and expenses to the calculation of the monthly amount owed to you at the end of the month in which the customer paid such previously uncollected amount.

4. USE OF MARKS

4.1 License

We hereby grant to you a non-exclusive license, upon the terms and conditions contained herein, to use the Marks. The current Marks are attached hereto as **Exhibit A**. You will use the trademarks, service marks, trade names and logos and the labels and designs pertaining thereto, but only in connection with the rendering of your services in the janitorial and building maintenance service business, and only on those items and in the form approved by us. Nothing contained herein may be construed so as to permit the use by you of the Marks in any other manner or for any other purpose (including, without limitation, no use of the Marks in connection with the Additional Business Services), except as expressly provided for herein. Nothing herein gives you any right, title or interest in or to the Marks, trade secrets, processes, methods of operation or good will of us, SBS, or Trademark Owner, except as a privilege and license, during the term hereof, to display and utilize the same according to the limitations and upon the terms, covenants and conditions contained herein, or as may be hereafter adopted by us from time to time. We expressly reserve all rights with respect to the Marks and with respect to any trade secrets, processes, methods of operation and goodwill except as may be expressly granted to you herein.

4.2 Expiration or Termination of License

Upon the expiration or termination of this Agreement, as provided under the terms of this Agreement, you will lose all rights to use the name and mark “Stratus”, “Stratus Building Solutions” and/or any other licensed names or marks, business systems, Confidential Information and trade secrets, and must cease to be an authorized Stratus Franchisee. You have no further rights to any Customer Contracts, proceeds of any account, nor will you have any further interest in this Agreement or any benefits provided herein. You agree to discontinue the use of the Marks, deliver and surrender every Mark, label, promotional item, and any physical object bearing or containing any of said Marks, the Brand Standards Manual, and any other items that may be set forth herein; and you will not, directly or indirectly, thereafter operate or do business under any name or in any manner, whether as an individual, partner, agent, shareholder, officer, director, or spouse, that might tend to give the public the impression that you are operating a business operated, owned, licensed by or affiliated with the us or SBS.

4.3 Marks

You agree that the Marks are the sole and exclusive property of Trademark Owner, that the Marks have been licensed by Trademark Owner to SBS, and that SBS has granted us the right to use and sublicense the Marks in the Territory pursuant to our agreement with SBS; and you assert no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of your licensed use hereof. You will use the Marks only for the uses and in the manner permitted in this Agreement. You agree that we may, at our sole discretion, revoke the license to use the name Stratus and/or design and direct the use of a different, substitute name and/or design, and that, in such event, you will cease use of the name and/or design so revoked and commence immediately to use the substitute name and/or design at your expense. You further agree that you will immediately cease use of the Marks should our license with SBS to use the Marks expire, terminate or fail to renew, except as otherwise specified in Section 14 hereof.

4.4 Use of Marks

You may not establish a presence on, or market using, the Internet, any website, Social Media (such as Facebook, LinkedIn, Twitter, Instagram, Snapchat, YouTube, blogs and other online social networks, wikis, forums, content sharing communities, etc.), mobile app, or any other technology platform that may be developed in the future, in connection with the Franchised Business without our prior written consent. We have the right to require you to contribute to or prepare pages or content in accordance with our guidelines and subject to our approval for any Internet, social media, or other advertising platforms operated by us or SBS. We retain the sole right to approve any linking to, or other use of, Stratus or Stratus Building Solutions website.

4.5 Notification of Infringements and Claims

You will only take such actions as we consider important in our judgment to protect the Marks. You will not take any action that jeopardizes Trademark Owner's, our, or SBS' interests in, or the validity or enforceability of, the Marks. You agree to immediately notify us of any apparent or actual infringement of, or of any challenge to your use of, the Marks. You will not communicate with any third party with respect to such a claim unless we consent to such communication. We will take such action as we deem appropriate in our sole judgment. Trademark Owner or SBS has the exclusive right to control any settlement, litigation or proceeding arising out of or related to any such matters.

5. BUSINESS OPERATIONS

5.1 Franchisee's Representative to Attend Brand Certification Program

You agree that your representative will attend the initial mandatory Brand Certification Program provided to all new franchisees, as well as any other specialized Brand certification courses that we may deem necessary with regard to the needs of a particular customer serviced by you. We may elect to provide a Brand certification for the account you are servicing or in other accounts. You further agree to operate the Franchised Business and provide service to your Customers in a manner consistent with the procedures, methods and standards established in such Brand Certification Programs, the Brand Standards Manual and directives, as they may be adjusted from time to time. You also agree to permit us to observe and record the performance and methods of services provided by you and your employees.

5.2 Quality Control Standards

You are responsible for ensuring that your business meets the customer's performance requirements and the System Standards (defined below). Accordingly, you agree to devote sufficient time and effort to your business in order to (i) comply with the provisions of this Agreement and (ii) ensure that all work and services performed by you and by your authorized agents/employees in the Franchised Business will be performed to meet, and in accordance with, the customer's performance requirements. You will determine your staffing, the number of hours an account requires, including whether your employees will work full time or part time, the time for doing the work, and the manner in which the work is completed, provided however, that all terms of the customer contract as described in the "Clean Schedule" are met. You will advise us what your hours of operation will be in order to allow us the right to inspect in accordance with this Section 5.2. We reserve the right to establish standards, methods and procedures' pertaining to the operation of your Franchised Business or this Franchise Agreement (the "System Standards"). You agree that you will be bound by the System Standards. We shall keep a current updated Brand Standards Manual of the System Standards at our company office. In

the event that the System Standards kept by us differ from those kept by you, the System Standards in our company office Brand Standards Manual will be controlling. You will follow current established Stratus System Standards, as they may be amended from time to time, and agrees not to deviate there from without our prior written consent.

Realizing that quality control and uniformity are important in the Stratus System, you agree to use only such equipment, supplies, products, control forms and other business forms that we prescribe or permit, including using “Stratus” brand chemicals. We have the right to change the authorized goods and services that you may offer, but such goods and services will be related to the business of building and property maintenance, decoration, refurbishment and renovation. We will not provide you with equipment, tools, supplies, products, or forms. You will purchase and use your own equipment, tools, and will purchase your own supplies, products and forms for the operation of your Franchised Business.

In hiring your employees, you must use your best efforts to hire qualified and competent employees and must operate your business by following and maintaining the System Standards established by us through our Brand Certification Programs, Brand Standards Manual, periodic directives and updates. We are not responsible for supervising either your performance of your obligations to the Customer Contracts nor are we responsible for supervising you employees. You are solely responsible for the supervision of your employees. You acknowledge that we provide certain assistance to enable you to conduct your independent business and that your employees are not employees of ours or SBS, and shall, upon request by us, require each of your employees to sign a statement (in a form provided by us) acknowledging such fact.

You understand and agree that we may inspect any premises serviced by you at any time during regular business hours or hours when the you are providing services to your customers and upon reasonable advance notice to ensure that the quality of service being performed is in accordance with System Standards. Such inspection may not interfere with the regular business activities of you or your customers.

5.3 Business Records; Taxes

You further agree to keep true and accurate business records and books of accounts, which will be open to inspection by us or our duly authorized representative during regular business hours. We have the right to examine same, including any other business records as they may request. You agree to pay all personal property, sales, excise, use and other taxes, regardless of type or nature which may be imposed, levied or assessed by any federal, state, municipality, county or other government agency, which may have jurisdiction over such products, services and equipment.

5.4 Confidential Information

You acknowledge that the information and materials which we provide to you contain valuable Confidential Information of ours, and you agree not to make any reproductions thereof without our prior written permission. You further agree not to disclose any information you receive from us to any third party without our prior written approval and not to disclose such information to your employees except those who have a need to know and who have agreed not to make any use of the information disclosed by signing a confidentiality agreement, attached hereto as **Exhibit D**. Said information and materials at all times remain the exclusive property of ours and will be delivered to us, including all copies thereof in your possession, at our request. You agree to use the contents in strict confidence pursuant to this Franchise Agreement, and only during the effective term of this Agreement.

You acknowledge that a violation of the terms of this Section 5.4 would result in irreparable injury to us for which no adequate remedy at law may be available and you accordingly consent to the issuance of an injunction prohibiting any such conduct of you or other equitable remedies. This Section 5.4 shall survive the termination of this Agreement.

5.5 Managing Owner

The individual signing this Agreement for you and designated on the signature page of this agreement as the Managing Owner (which individual must have at least a fifty percent (50%) ownership), is the “Managing Owner” for the purposes of this Agreement. You acknowledge that the “Managing Owner” must be named and have your authority to bind you in any dealings with us and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Franchised Business. The Managing Owner will be in charge of directing the operations of your Franchised Business. No change in the Managing Owner may be made without our prior, written consent.

5.6 New Concepts, Processes or Improvements.

You agree that if you or any of your employees develop any new concept, process or improvement in the operation or promotion of the Franchised Business, except those developed during your conduct of your Additional Business Services, you will promptly notify us and provide us with all necessary information concerning same, without compensation. You acknowledge that any such concept, process or improvement shall become our property, and you shall take all actions necessary, at our expense, to assign such property to us or, at our request, SBS. You agree that we may utilize or disclose such information to other franchisees or SBS as it determines to be appropriate.

6. CUSTOMER SERVICE REQUIREMENTS

6.1 Equipment and Supplies

You will be responsible for acquiring and providing your own equipment and supplies for the Franchised Business. You must replace such equipment and supplies as needed and will provide all labor, other equipment, materials, tools and other supplies necessary to fulfill your Customer Contract(s), including all janitorial services called for in each customer contract. You must perform all such services in a good and professional manner, satisfactorily to the customer for whom you are performing such services. You agree to maintain a safe place of business in accordance with OSHA and other governmental and industry standards and to conduct your business in a manner that would bring goodwill to yourself, us and SBS.

6.2 Discontinuing Your Services to Customer

We may transfer ownership of a Customer Contract to ourselves or to another franchisee and require you discontinue your service under such Customer Contract in the event that:

6.2.1 You have failed to perform your obligations to the Customer's satisfaction, or the Customer has lodged a complaint with us, and we have given you written notice of your failure to perform or of such complaint, and:

1. The Customer is not satisfied within three (3) business days from the date of delivery of such notice, or

2. The Customer is dissatisfied on two (2) occasions within a period of one hundred and twenty (120) consecutive days; or
- 6.2.2 We receive a request either written or verbal from a customer that the Customer's contract(s) be terminated or be served by a different franchisee; or
- 6.2.3 You fail to service any Customer in a prompt manner in accordance with System Standards;
- 6.2.4 You desire to cease servicing a customer and has received our written consent to such cessation;
- 6.2.5 You sell cleaning or similar supplies to a customer outside of this Agreement, service the Customer in a capacity other than as our System franchisee (except as permitted under this Agreement), or fail to notify us of all services performed for your Customer as required in this Agreement;
- 6.2.6 This Agreement is terminated, you violate this Agreement or any other agreement with us, you stop being our franchisee or otherwise no longer want to service the Customer.

If you believe that we have transferred a Customer Contract from you unfairly, you have the right to submit a written request to us that we consider special circumstances. We will consider your request in good faith.

We will have no obligation to provide additional replacement customers if you reject the customer offered. Nothing contained in this Section 6 will limit any other rights held by us under this Agreement, including termination of this Agreement.

You hereby waive any and all claims, demands, or rights to payments for any services performed after the date that a Customer Contract is transferred away from you and your services to a customer are discontinued, and you further agree that you will not be entitled to any refund, rebate or reduction of any fees previously paid or promised to us in connection with your relationship with, or services to, any customer that has been discontinued pursuant to the provisions of this Section. Furthermore, we do not have any obligation to replace such customer with a new Customer Contract, except as provided above.

Multiple franchisees of the Stratus System will operate in the Territory where you do business, and you acknowledge that the consistent satisfaction of all Customers of the Stratus brand in the Territory is critical to your own success and the success of all franchisees in the Territory. Your employees and other franchisees operating in the Territory work daily in close contact with Customers and their employees in their personal work spaces and in the immediate proximity of Customers' important business equipment and confidential business records. You acknowledge that this intimate contact between your employees and your Customers makes the prompt and definitive action to address Customer dissatisfaction permitted by this Section 6.2 essential to creating and maintaining long term Customer relationships and has an impact on the goodwill associated with the Stratus Marks.

6.3 Protection of Customer Information

You shall use your best efforts to protect customers against a cyber-event, identity theft, or theft of personal information. You must at all times be in compliance with (a) the Payment Card Industry Data Security Standards (“PCI DSS”) (as they may be modified from time to time or as successor standards are adopted), (b) the Fair and Accurate Credit Transactions Act (“FACTA”); (c) regional, national, and local laws and regulations relating to data and personal privacy, data security, security breaches, and electronic payments, (d) the operating rules and regulations of all credit card, debit card and/or ACH processors and networks that are utilized in the Franchised Business, and (e) security policies and guidelines of ours, all as may be amended from time to time.

7. **FRANCHISE FEE AND OTHER FEES**

You agree to pay us as follows:

7.1 Franchise Fee

A “Franchise Fee” of \$_____, payable in cash, certified check or wire transfer, upon the execution of this Agreement and the balance of \$_____ to be paid in thirty-six equal monthly installments of \$_____ each, including interest on the unpaid principal amount at the rate of fifteen percent (15%) per annum. The first installment of principal and interest will be paid out of the first collection made by us from your account(s). Installments will thereafter be paid on the thirtieth (30th) day of each consecutive month out of the monthly collection made by us from your accounts until full payment is received. The obligation to pay the balance is evidenced by a Promissory Note, in the form attached hereto as **Exhibit B**.

7.2 Additional Account Fee (Account Acquisition Fee)

7.2.1 An additional account fee (“Account Acquisition Fee”) for additional janitorial Customer Contracts purchased pursuant to Section 2 of this Agreement is payable at the time such additional contract is assigned to you in accordance with the option selected by you and consented to in writing by us on the Account Acquisition Agreement in the form attached hereto as **Exhibit C** (the “Account Acquisition Agreement”). Our consent will be evidenced by our signature on the Account Acquisition Agreement. The options set forth in such Account Acquisition Agreement are as follows:

7.2.1.1 A cash payment in full (less a ten percent (10%) discount), or

7.2.2.1 A sweat equity option providing for monthly payments over a time period of less than six (6) months, as determined by us, or

7.2.3.1 A down payment of said fee at the time said account is assigned to you. The balance, with interest on the unpaid principal at the rate of fifteen percent (15%) per annum, paid in up to twelve (12) equal successive monthly installments commencing on the thirtieth (30th) day of the first month following the month you begin servicing the new account.

The obligation to pay the balance will be evidenced by an Account Acquisition Agreement and/or a Promissory Note.

7.2.2 The Account Acquisition Fee will be the greater of the following:

7.2.1.2 If you purchased below the SBS-12 level, or your existing business is generating less than \$12,000 in annualized Gross Billings, the Account Acquisition Fee shall be five (5) times one month's gross billings for such additional Customer Contract;

7.2.2.2 If you purchased at least the SBS-12 level, but lower than the SBS-24 level, or your existing business is generating less than \$24,000 in annualized Gross Billings, the additional account fee shall be four (4) times one month's gross billings for such additional Customer Contract;

7.2.3.2 If you purchased at the SBS-24 level or higher, or if your existing business is generating \$24,000 or more in annualized Gross Billings, the Account Acquisition Fee shall be three (3) times one month's gross billings for such additional Customer Contract;

7.2.4.2 Because you are operating your own business, we encourage you to identify potential new clients within the Territory to expand your business. If you identify a potential new client located within our Territory, you may solicit the potential client to become your Customer. If you successfully sign up the potential client as a Customer, there will be no Account Acquisition Fee due to us.

7.2.5.2 If you identify a potential new client located within the Territory to us, and you request that we assist you in signing up the potential client as a Customer, we will utilize our best efforts to solicit the potential client to become a Customer for your benefit, and you must pay us an Account Acquisition Fee up to 50% of the amount due as determined above.

We will also require you to sign the General Release attached hereto as **Exhibit F** when you sign the Account Acquisition Agreement.

7.3 Royalty

You agree to pay us a monthly royalty equal to five percent (5%) of the monthly Gross Billings for the preceding month, provided that the minimum monthly royalty payment will be Fifty Dollars (\$50). "Gross Billings" is defined as the total amount of all bills and invoices sent by us to each account serviced by you during a calendar month, whether the bills and invoices represent janitorial services, goods, supplies or any other services or products related to the Franchised Business. Any sales taxes paid to appropriate tax authorities, any monies billed but uncollected, and any revenue from Additional Business Services shall be excluded from Gross Billings.

7.4 Administration Fee

You agree to pay us a monthly administration fee of ten percent (10%) of your Gross Billings for the preceding month. There is no refund or rebate of any portion of the administration fee.

7.5 Business Insurance Fee

If you elect to participate in our optional Business Insurance Program, a fee will be deducted from your monthly Gross Billings for the preceding month. Although this fee may fluctuate based upon the costs of insurance to us and other factors, it is currently five percent (5%) of gross monthly revenues.

7.6 Isolated Cleaning Services

Special or isolated cleaning services are one-time non-recurring contracts such as carpet cleaning and extraction, floor stripping and refinishing or initial cleaning, etc. These services will not be included in your monthly Gross Billings; instead they will be reported and invoiced separately. Each time you perform an isolated or special service, we are entitled to deduct a ten percent (10%) fee from the Gross Billings for such services in addition to the normal royalty, administration, advertising and insurance fees; provided, however, that you shall not be required to pay such ten percent (10%) fee for such services, if your provision of such services is the direct result of your solicitation of the customer for providing such isolated or special services. In each case, you will be responsible for providing all equipment, supplies and labor for special and isolated services. If you acquire such work on your own and work is done in an account that is not already our account, or is an account already serviced by you, this fee is waived; however, royalties, administration, advertising and insurance fees still apply. Isolated cleaning services shall not be Additional Business Services hereunder.

7.7 Bid and Negotiation Fee

You may request our services to help bid and negotiate a contract for cleaning services with a prospective customer. If a contract is secured after we have helped bid and/or negotiate the contract, an Account Acquisition Fee (or a partial fee) will be due to us.

7.8 Customer Contract Transfer Fee

You may request to transfer out of a Customer Contract at any time. Because the transfer of a Customer Contract destabilizes the Customer relationship, you will be charged a Fifty Dollar (\$50) administration fee to us to handle the administrative costs related to transferring the Customer Contract, in addition to a Customer Contract transfer fee equal to ten percent (10%) of the monthly billing under such Customer Contract, or a minimum of One Hundred Dollars (\$100).

7.9 Customer Contract Cancellation Fee

If a Customer cancels a Customer Contract after experiencing performance issues, such as service problems, theft, failure to service on scheduled service dates, or a Customer-requested change in franchisee, we and you both suffer a financial loss, and there is damage to image to the reputation of the Stratus System. Accordingly, you will be charged a "Cancellation Fee" equivalent to fifty percent (50%) of one month's gross billing on the first Customer Contract lost, seventy five percent (75%) of one month's gross billing on the second Customer Contract lost, and one full month's gross billing on every Customer

Contract lost thereafter in a 12-month period of time, in addition to any other fees that may apply hereunder.

7.10 Refunds

We have no obligation to refund any portion of any payment made under this Agreement, unless and to the extent that, within the period of time allowed by Section 2 hereof, we fail to offer initial Customer Contracts with a value of \$_____ in gross annual billings, in which event we will refund a portion of the initial franchise fee equal to the difference between the Franchise Fee for the Franchise Plan originally contracted for in Section 2 of this Agreement and the Franchise Fee for the actual Franchise Plan that is provided.

If at the time of the refund, you are indebted to us pursuant to a promissory note given in payment of all or a portion of the initial franchise fee, the refund will be applied to payment of the note, up to the whole thereof, before the balance (if any) of the refund is paid to you.

8. ADVERTISING AND PROMOTION

8.1 Advertising Fee

No advertising fee is assessed currently, although we reserve the right to charge such a fee. If we, in our sole discretion, decides to charge an advertising fee, we may do so upon thirty (30) days written notice to you. In no event will an advertising fee exceed 1% of your Gross Billings. Any proceeds of such a fee will be used for marketing, advertising and promotional activities in the Territory, as well as to pay the administrative costs relating to the collecting and accounting of the fee and such activities. You are encouraged however to independently advertise and promote the Franchised Business and the Additional Business Services.

8.2 Promotional Items

You shall prepare and distribute to Customers business cards and badges, displaying the Marks, in promotion of your Franchised Business. All business cards and badges must prominently display, in bold, that you are an “Independent franchisee of Stratus Building Solutions” or that your employee is “Employed by an independent franchisee of Stratus Building Solutions.” If you obtain, bill, and collect Customer Contracts on your own and/or provide Additional Business Services, you shall also prepare and distribute to customers your own business cards and badges (without use of the Marks, and indicating that you are an independent business) to promote such services.

9. KEYS AND SECURITY

You are responsible for all keys to customer's premises and shall observe all security systems and precautions necessary or required at the customer's premises. If services to a customer are discontinued for any reason, or if this Agreement is terminated for any reason, you agree to return all keys and security codes and cards immediately. Failure to return any such item for any reason or failure to comply with any of the provisions of a customer's contract for janitorial or maintenance services will constitute a breach of this Agreement by you.

10. INDEPENDENCE OF YOUR BUSINESS

You must be a business entity (not an individual) that has your own employees. You must hire all employees used in the operation of the Franchised Business (including without limitation any of your owners working in the Franchised Business) and must comply with all federal, state and local laws and regulations related to the operation of an entity.

You acknowledge and agree we and you are independent businesses, and you have day-to-day control over your business activities, and must make operational, strategic and other business decisions, subject to your compliance with the terms of this Agreement and applicable law. You are an independent contractor in business for yourself, and have no right or interest in, or authority over us or any of our property or business. You are free to conduct your business as you may deem best in providing the services to the customer, independently of the supervision, management and control of us, provided that you agree to abide by all the terms of this Agreement (including protection of the Marks and compliance with the System Standards) and all federal, state and local laws and regulations of all government agencies having jurisdiction over the customer's premises or the activities conducted by you. You acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System Standards which you are required to comply with under this Agreement do not directly or indirectly constitute, suggest, infer or imply that we or SBS control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards to which you must adhere when exercising control of the day-to-day operations of your Franchised Business. You must at all times have at least one person actively involved in the management of your Franchised Business, which must be your majority owner.

You shall be solely responsible for all, and neither we nor SBS have any authority to control, either directly or indirectly any, employment decisions and employment functions related to the Franchised Business and any Additional Business Services, including, without limitation, those related to hiring, firing, scheduling (subject to customer preferences or requirements), establishing remuneration, personnel policies, benefits, disciplining, supervising, and recordkeeping, regardless of whether you received advice from us on these subjects. You acknowledge and agree that you have sole control over which Customer Contracts you wish to accept and the strategy and method of business expansion and acquisition (if any) of any additional Customer Contracts or other Customers. If ever it is asserted that we or SBS is the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agrees to assist us and/or SBS in defending said allegation, appearing at any venue requested by us and/or SBS to testify on us and/or SBS's behalf, participate in depositions, other appearances or preparing affidavits rejecting any assertion that we and/or SBS is the employer, joint employer or co-employer of you or any of your employees.

You are not, and will not hold yourself out as, an agent, representative, employee, officer, director, partner, owner, or affiliate of ours or SBS. Except as expressly provided herein, it is further agreed that you have no authority to create or assume in our or SBS' name, or on behalf of us or SBS, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of us or SBS for any purpose whatsoever. In no event will either party be deemed to be fiduciaries of the other.

You shall be responsible for all income and other taxes to all federal, state, municipal and other authorities required to be paid for all persons employed in your operation (including the owners thereof) including the employer's portion of any social security, unemployment taxes, other payroll taxes, FICA, FUTA, and SECA payments, and any other taxes required to be paid, by deducting such expenses from the pay of all your employees including your owners. You shall also withhold from employees' pay, and

pay when due, taxes and premiums for unemployment and workman's compensation insurance for yourself and all your employees, as required by state, federal or other law.

Neither we nor SBS will be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of your Franchised Business. Pursuant to the above, you agree to indemnify, defend and hold harmless us and SBS from any and all liability, loss, attorneys' fees, or damage we or SBS may suffer as a result of claims, demands, taxes, costs, or judgments arising out of any allegation of an agent, partner, or employment relationship.

YOU ACKNOWLEDGE THAT YOU ARE AN INDEPENDENT BUSINESS AND NEITHER YOU NOR ANY OF YOUR OWNERS, MEMBERS, SHAREHOLDERS, OFFICERS, EMPLOYEES, OR OTHER AFFILIATED INDIVIDUALS ARE EMPLOYEES OF OURS OR SBS, AND HAVE NO RIGHT TO THE BENEFITS OF EMPLOYMENT FROM US OR SBS.

11. INSURANCE

You are responsible for all losses, damages to property, or injuries to persons arising out of or connected with the performance or non-performance of your services to customers, including any claimed damages for breach of security. You must obtain Fidelity bonding theft insurance in an amount not less than \$50,000. You further agree that you will acquire and properly maintain workers' compensation insurance as required by law for yourself and/or all of your employees and comply with all state and federal laws to maintain a proper unemployment insurance account. You further agree to maintain comprehensive liability and property damage insurance covering property damage, loss and personal injury in amounts not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate. All such policies must name us and SBS Franchising as additional insured and contain a Grantor of Franchise endorsement. You also agree that your comprehensive liability insurance will not contain exclusion for property in our care, custody, and control.

You must maintain comprehensive automobile insurance including, personal injury protection and uninsured motorist on all vehicles operated for your business.

You further agree that all such insurance policies maintained by you be written by an insurance company (companies) in good standing and in compliance with all state and federal insurance laws and insurance regulatory agencies with an A.M. Best rating of A or higher. You shall provide us with thirty (30) days' written notice prior to the cancellation or termination of any insurance policy as defined herein.

You shall provide us with proof of coverage prior to you commencing work on any Customer Contract. If you fail to obtain any or all insurance as specified herein and approved by us, we may (but are not required to) purchase such insurance for the benefit of you and you agree to forthwith reimburse us for the cost thereof. Types and amounts of insurance required to be procured by you may be modified from time to time by us, in our sole discretion, by written notice to you through modification of System Standards, policies and procedures or other reasonable manner.

You may participate in the optional Business Insurance Program which provides general liability insurance and bonding to us and our participating franchisees. The cost of such liability insurance and janitorial bonding plan provided will include, in addition to the premium, a management fee, service charge, and profit as determined by us.

You are responsible for obtaining all insurance required by this Agreement whether or not you choose to participate in the optional Business Insurance Program. All policies of insurance, whether obtained through the Business Insurance Program or not, must name us and SBS as additional insureds or additional loss payee as appropriate and must contain a Grantor of Franchise endorsement.

12. INDEMNITY

You are responsible for all losses, damages, judgments, liabilities, claims, injuries, costs and expenses arising directly or indirectly, out of or connected with the performance or non-performance of your services to your customers, including any claimed damages for breach of security.

You agree to defend, hold harmless and unconditionally indemnify Trademark Owner, SBS, and us, and our and their shareholders, directors, officers, employees, affiliates, agents and assignees, and other Stratus franchisees (each, an “Indemnified Party”) from all loss or damage arising from any liability, demands, claims, costs, obligations, suits, damages, and expenses, including reasonable attorneys' fees and related expenses (including without limitation appellate, post-judgment legal proceedings), which such Indemnified Party may at any time suffer or sustain, or become liable for any reason, or any loss, damage or injury to persons or property of any Indemnified Party or both, arising out of, or related to your ownership or operation of your Franchised Business, any act or failure to act, or as a result of failure to perform services, or negligence or misconduct in the performance of services, or violation of the provisions of this Agreement, by you or any of your agents, employees, contractors, representatives, partners, officers, directors, and shareholders. Examples of claims covered by this indemnity include claims relating to your maintenance or operation of motor vehicles; your being characterized as an employee of us or SBS by you or by any federal, state, or local court or agency; and your failing to act as an independent business owner or failing to pay any income, unemployment, or payroll tax or file any related return, or otherwise defaulting under Section 11 hereof. You will not have to indemnify us to the extent that such loss or damage directly result from the gross negligence or willful misconduct of us. This indemnity will continue in full force and effect notwithstanding any expiration or termination of this Agreement.

13. TERMINATION

13.1 Termination By Us

This Agreement may be terminated by us upon any default of you. In no event will such termination relieve you from any of your obligations already incurred by this Agreement. A default includes, without limitation, any of the following:

- 13.1.1 Failure of you to perform your obligations pursuant to this Agreement or any breach by you of this Agreement or any other agreement between us and you, including without limitation payments under any promissory note issued hereunder.
- 13.1.2 One or more discontinuances of a Customer Contract pursuant to Section 7 of this Agreement.
- 13.1.3 Your insolvency, the adjudication of you as bankrupt, your Franchised Business coming into possession or control, even temporarily, of any trustee in bankruptcy

or appointed receiver, the making of a general assignment for the benefit of creditors or the inability of you to pay your debts as they become due.

13.1.4 Your attempt to assign this Agreement, or any right or obligation hereunder, or make any transfer or assignment in violation of Section 17 hereunder without first securing our written consent upon thirty (30) days written notice to us.

13.1.5 Your abandonment of your Franchised Business.

13.1.6 Your use of abusive, violent, threatening, or harassing language or behavior toward clients or regional office staff and any behavior that is considered detrimental toward the Stratus brand.

13.1.7 Your conviction of a felony or of any other crime that impairs the goodwill associated with the Marks.

13.1.8 Your theft from any account serviced.

If a default results from an event described in Sections 14.1.1, 14.1.2, or 14.1.4 of this Section 14, termination shall occur ten (10) days following written notice of said default from us to you if you have failed to cure said default by then, except as may otherwise be required by applicable law. If the default results from an event described in Sections 14.1.3, 14.1.5, 14.1.6, 14.1.7, or 14.1.8, termination shall occur immediately without notice or opportunity to cure, except as may otherwise be required by applicable law.

Upon expiration or termination of this Agreement for any reason (including without limitation Section 14.2 hereof), you shall immediately pay to us in full all amounts due thereunder through the date of termination, cease use of the Marks and other property as provided in Section 4.2 of this Agreement, comply with Section 5.4 hereof, return to us the copy of the Brand Standards Manual we loaned you for use during the term of this Agreement and not retain any copy thereof, and cease doing business as required by this Agreement. The termination of this Agreement will be without prejudice to any remedy or cause of action which we may have against you for the recovery of any monies due to us or equipment or property of ours, or any other right of us to recover damages for any breach hereof.

If you fail to comply with the provisions of this Section 14 or of Section 4, we may execute, in your name and on your behalf, any and all documents necessary to cause the discontinuance of your use of the names and Marks granted you under this Agreement. You hereby irrevocably appoint us as your attorney-in-fact to do so.

All of your rights and entitlements under this Agreement survive your termination or expiration, and we do not waive or release any rights we have to enforce this Agreement by acknowledging or accepting such termination or expiration. The termination or expiration of this Agreement does not relieve you from any of your obligations under this Agreement, whether incurred, discovered or vested before or after such termination or expiration. Similarly, your obligations under this Agreement survive any termination or expiration of this Agreement.

13.2 Termination By You

You may terminate this Agreement, upon written notice to us, if you are in compliance with the Franchise Agreement and we fail to substantially perform our material obligations pursuant to this Agreement after you have provided written notice to us of the nature of any alleged breach of such material obligations hereunder and provided us at least sixty (60) days to cure any such breach (or such longer period of time as necessary if such breach cannot reasonably be cured in such sixty-day period). Termination shall occur sixty (60) days following written notice of said default from you to us upon your written notice of such termination to us, if we have failed to cure said default by then. You acknowledge and agree that, in the event of any such termination, you shall not be entitled to any refund of any monies paid to us and shall not have any claim for money damages against us. We agree to comply with all post-termination obligations, including but not limited to those post-termination obligations described in Sections 4.2, 5.4, 13, and 16 hereof. Your termination of this Agreement for any other reason or without such notice will be deemed null and void.

13.3 Termination or Expiration of Master Franchise Agreement

You acknowledge and agree that, on any termination for cause or expiration of the Master Franchise Agreement between us and SBS, SBS has the right, but not the obligation, to assume the rights and obligations of any or all unit franchise agreements. If the Master Franchise Agreement between us and SBS is terminated, for any reason, and SBS does not assume the rights or obligations under this Agreement or designate a new franchisor to be responsible for the Territory (with such franchisor assuming our rights and obligations hereunder), this Agreement is subject to immediate termination, and neither we nor SBS will have any obligation or liability to you with respect to such termination, provided that we may elect to continue to service existing franchisees under outstanding agreements at its sole option.

14. **TERM**

This Agreement remains in full force and effect for a period of twelve (12) years from the date of execution unless sooner terminated as hereunder provided (the “Initial Term”). Upon the expiration of the Initial Term of this Agreement, you will have no further rights in the franchise or the Agreement unless we and you execute a written renewal agreement for a period of twelve (12) years (the “Extended Term”), which agreement will be on the same terms and conditions as we are then granting renewal of new franchises in the Territory, except that there will be no payment of any additional franchise fee or renewal fee for such Extended Term. The franchise rights will be renewed if you:

- 14.1.1 Gives us written notice of intent to renew at least one hundred and eighty (180), but not less than sixty (60) days prior to the date of expiration of the Initial Term or any Extended Term,
- 14.1.2 Execute the renewal Agreement at least thirty (30) days prior to date of expiration,
- 14.1.3 Execute the General Release, attached hereto as **Exhibit F**, upon execution of the renewal agreement.
- 14.1.4 Are not in default of this Agreement on the date of giving notice, the date of execution of the renewal agreement, or the date of expiration of the Initial Term or any Extended Term, and

14.1.5 Update all equipment and supplies to then-current system standards for new franchisees.

Whenever the word “term” is used in this Agreement, the word means the Initial Term, the Extended Term, or both, as the context requires. Upon termination, for any reason, of the Initial Term or the Extended Term, we will have no obligation to repurchase the franchise from you.

15. NON-SOLICITATION OF CUSTOMERS

You acknowledge and agree that, if you were to solicit or otherwise induce your Customers serviced under the Marks and the System to be serviced by you or a third party (other than as a franchisee operating under the Marks and the System), we would be unable to protect the System and our Confidential Information against unauthorized disclosure and use, and could not protect the other franchisees operating under the System.

Accordingly, during the term of this Agreement and for a period of two (2) years from the date of expiration or termination of this Agreement for any reason and within (a) the Territory and (b) a distance of twenty (20) miles from the Territory, you agree that neither you, your affiliates nor any of your owners will:

15.1.1 divert, solicit, or attempt to divert or solicit, any business or customer of us, your Franchised Business, or any other franchisee of ours, or

15.1.2 provide commercial cleaning and maintenance services to any business or Customer (a) who is currently serviced by you, any other franchisee, or other person under the System and the Marks under this Agreement or (b) who has been serviced by you, any other franchisee, or other person under the System and the Marks under this Agreement within the previous eighteen (18) month period prior to such expiration or termination; or

15.1.3 perform any act injurious or prejudicial to the goodwill associated with the Marks.

This Section 16 does not prevent you from otherwise engaging in competitive activities, such as (1) providing cleaning or related services to customers who have not been serviced by you, any other franchisee, or any other person under the System and the Marks in the previous 12 months or (2) offering to any customers, including customers otherwise serviced by you, any other franchisee, or any third party under the System and the Marks, services other than janitorial, cleaning, or maintenance services; provided, however, that in performing these other services, you will not represent yourself as a franchisee under the System and the Marks.

Notwithstanding any other provision hereof, we and you agree, for purposes of promoting your Additional Business Services, you shall have the right, during the term of this Agreement to solicit customers of the Franchised Business in accordance with Section 2.4 of this Agreement.

You acknowledge that a violation of the terms of this Section would result in irreparable injury to us for which no adequate remedy at law may be available and you accordingly consent to the issuance of an injunction prohibiting any such conduct of you or other equitable remedies. If any provision of this Agreement (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force

and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

16. ASSIGNMENT

16.1 Our Right to Assign Our Rights

We may, without your consent, assign our rights and duties under this Agreement to another party, provided that the party to whom the rights and obligations are assigned, at the sole discretion of ours, is capable of performing, and agrees in writing to perform the obligations and duties of ours.

16.2 Your Right to Assign Your Rights

16.2.1 This Agreement will inure to the benefit of the successors and assigns of you. The interests of you in this Agreement are personal and may not be sold, assigned, transferred, shared or divided in any manner by you, and any ownership interest in you may not be transferred, and no assets of you relating to the Franchised Business may be sold or transferred, without the written consent of ours, which consent will not be unreasonably withheld and be given or refused within thirty (30) days of receipt by us of written notice of such proposed transfer.

16.2.2 You shall provide to us, prior to the sale or transfer, a copy of any additional information which we may require in order to determine if we will grant our consent to the proposed sale or transfer, which consent may be withheld in our sole discretion if the proposed transferee does not meet the qualifications then established by you for new franchisees. In addition to the requirements of this Section 17.2.2 below, it is agreed that consent for sale, transfer or assignment will be granted only when all obligations of you, including all of your debts, are paid at the time of the sale or transfer, you pay a transfer fee to us equal to five percent (5%) of your yearly Gross Billings of the Customer Contract(s) being transferred/sold (with a minimum transfer fee of \$750), the buyer agrees to undergo the Brand Certification Program required of a new Franchisee and the transferee agrees to execute a Unit Franchise Agreement of the type then being used by us, however, the new agreement with the transferee will have the same expiration date as the original franchise agreement and not require the transferee to make greater payments to us than those required of you under this Agreement. If such conditions are fulfilled and the thirty (30) day notice period has passed, our consent will be deemed to have been granted for the proposed transfer. There is no transfer fee if you transfer your franchise rights to an immediate family member or to a corporation or company which such family member wholly owns. We may withhold written consent in the event that you are in default under the terms of this Agreement or any other agreement with us until said default is cured.

16.2.3 If your owners transfer or sell ten percent (10%) or more of the stock, if it is a corporation, limited liability company, or partnership, or a ten percent (10%) or greater interest in the ownership of you (except to immediate family members), then you agree to pay us a transfer fee based on the sales price of such ownership interest. The sale price will be defined as monies received, monies to be received, stock, real estate or any other form of redeemable or hard assets received in

consideration for the transfer or sale of the ownership interest in you. This transfer fee shall be equal to ten percent (10%) of all amounts received from the sale. The transfer fee is due and payable upon the sale or transfer. You also agree to provide, as a condition of our approving the sale or transfer, as a personal covenant to the purchaser, in addition to the covenant contained in this Agreement, an agreement for the seller not to provide any commercial cleaning and maintenance services to any business or Customer as described in Section 16.1.2 of this Agreement, nor to seek to divert business from us or our other franchisees for a period of one (1) year after the transfer or sale. Any transaction or series of transactions which would have the effect of transferring ten percent (10%) or more of the ownership of you must be approved by us on the same basis as any other sale or transfer as set forth herein.

- 16.2.4 Prior to the transfer, the transferor you must also execute a general release, attached hereto as **Exhibit F**, of any and all claims against us and SBS Franchising, and their parent corporation and affiliated corporations, and the officers, directors, shareholders and employees of ours and SBS Franchising, and each parent and affiliate corporation in their corporate and individual capacities, including, without limitation, claims arising under this Unit Franchise Agreement and federal, state and local laws, rules and ordinances.

16.3 Effect of the Death or Disability of an Owner

- 16.3.1 Upon the death of any person with an ownership interest in you (the “Deceased”), the executor, administrator or other personal representative of the Deceased must transfer such interest to a third party approved in writing by us within six (6) months after the death of the deceased. If no personal representative is designated or appointed by will or trust, or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within six (6) months after the death of the Deceased. The exception would be the transfer to a spouse or immediate descendant of the Deceased, which would be deemed to be approved by us. However, any Managing Owner must be approved by us whether or not such Managing Owner is a spouse or immediate descendant of the Deceased.
- 16.3.2 Upon the permanent disability of any person with an ownership interest in you, we may, in our sole discretion, require such interest to be transferred to a third party approved by us within six (6) months after notice to you. “Permanent disability” means any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Franchise Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability will be determined by a licensed practicing physician selected by us upon examination of the person; or, if the person refuses to submit to an examination, then such person will be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Subsection.

16.3.3 In the event of the death or permanent disability of any person with an ownership interest in you, we at our option may elect to operate the Franchised Business during the interim six (6) months following such death or the interim six (6) months following such permanent disability, as applicable, until the interest of you is transferred in accordance with this Subsection or until the applicable interim period expires, whichever comes first. We shall account for all proceeds from you less all costs of operation. As compensation for managing your Franchised Business, we will charge a reasonable monthly management fee which will be in addition to the royalty fees, advertising fees and any other fees or payments due and owing to us. We shall utilize our best efforts in managing your Franchised Business, but will not be liable for any losses incurred.

16.3.4 Upon the death or claim of permanent disability of any person with an ownership interest in you, you or a representative of yours must promptly notify us in writing of such death or claim of permanent disability. Any transfer upon death or permanent disability will be subject to the same terms and condition as described in this Section, provided, however, that in the event of the death or permanent disability of any individual with an ownership interest in you, no fee will be imposed for a transfer to the spouse or direct descendent of that individual. Transfer fees will be imposed if the transfer is to a non-related third party. If an interest is not transferred upon death or permanent disability as required in this Subsection and in accordance with the terms and condition of this Section, we may terminate this Franchise Agreement.

17. GUARANTEE

You acknowledge that all partners, owners and shareholders of yours are listed on the signature pages hereto and are obligated to execute this Agreement to guarantee the payment of all sums which may from time to time become due to us under this Agreement and to agree to be bound by all of the terms, covenants and conditions of this Agreement hereof. Such partners, owners or shareholders also agree to execute any Promissory Notes and Personal Guarantees as requested by us.

18. AMENDMENT

This Agreement may not be modified, altered or amended except in writing, and executed by all the parties hereto. No failure to act by us will be considered a waiver or amendment to any provision of this Franchise Agreement.

19. CAPTIONS

The captions used in this Agreement are inserted as a matter of convenience. The text of any Section of this Agreement controls its interpretation.

20. SEVERABILITY

If any provision hereof is found by a trier of fact, for any reason, to be illegal or unenforceable, then the validity of the remaining portions, terms, or provisions will not be affected; the illegal portion, term or provision will be deemed not to be part of this Agreement, and this Agreement will be construed as if such provision had never been part of the Agreement.

21. SUCCESSORS

This Agreement will bind, and inure to the benefit of the executor, personal representative, administrator, heirs, successors and assigns of each of the parties.

22. ENTIRE AGREEMENT

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we have made in the franchise disclosure document that we furnished to you.

We acknowledge that you are entering into this Agreement as a result of your own independent investigation of the franchised business offered under this Agreement and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

23. NOTICE

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand or confirmed email, one (1) business day after transmission by facsimile, telegraph or other electronic system; three (3) days after deposit in the United States mail, via registered or certified mail, return receipt requested; or one (1) business day after placement with Federal Express, or other reputable air courier service, requesting delivery on the most expedited basis available, postage prepaid and addressed as follows:

If to Master Franchisee:

M & R Cleaning Solutions LLC
d/b/a Stratus Building Solutions of Milwaukee
1100 Commerce Drive Suite 113
Mt. Pleasant, WI 53406
Email: dmcnea@stratusclean.com

If notice is to be given to you, such notice shall be sent to:

YOUR COMPANY NAME

Attn: _____

Address: _____

Email: _____

The address hereby given for the service of notice may be changed at any time by either party through written notice to be given to the other as provided herein, and the manner in which notice required or permitted hereto may be changed at any time upon mutual written agreement.

24. DISPUTE RESOLUTION

24.1 Dispute Resolution by Mediation

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, we agree to try to resolve, first through mediation, any and all disputes, controversies or claims that may arise between them concerning or relating to this Agreement, its performance, and the relationship between us and you. Except as provided in Section 5.4 and Section 16 hereof or relating to controversies arising from the Marks, either party shall submit any such, dispute, controversy or claim to non-binding mediation before the American Arbitration Association, or other mutually agreeable mediator, within twenty (20) days after such dispute, controversy or claim has arisen. Both parties shall execute a confidentiality agreement not to disclose the fact of mediation, its procedures, information discovered or results to anyone other than its professional advisors who shall also agree to maintain such confidentiality reasonably satisfactory to us. Upon submission, the obligation to attend mediation will be binding on both parties, and a condition of mediation is that it shall be held and concluded within thirty (30) days after it has been requested. Each party will bear its own attorney fees and costs with respect to the mediation, except the fees for the mediation will be split equally. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action under this Agreement to interpret or enforce this Agreement.

24.2 Arbitration

The parties hereto agree that, except for disputes, controversies, or claims related to or based on improper use of the Marks or in connection with Sections 4.4 or 16, and except for mediation otherwise required in Section 25.1 hereof, all controversies, disputes, or claims between you and our affiliates, and our and their respective members, officers, managers, agents, and/or employees, and you (and/or your owners, managers, guarantors, affiliates, and/or employees) arising out of or related to (1) this Agreement or any other agreement between you and us; (2) our relationship with you; (3) the validity of this Agreement or any other agreement between you and us or the validity of the parties actual agreement to arbitrate under this Agreement; or (4) any Stratus System Standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Subsection otherwise provides, according to the then current commercial arbitration rules of the American Arbitration Association. Any questions regarding the arbitrability of any claim is to be determined by the arbitrator and is binding upon the parties. All proceedings will be conducted at a suitable location chosen by the arbitrator in or nearest the city where our principal business address is then located. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

24.2.1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, 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 may not declare any Mark generic or otherwise invalid or, except as expressly provided in Subsection 25.5 below, award any damages against either party.

24.2.2 You and we agree that any such dispute, controversy or claim between us and you must be submitted to arbitration no later than one (1) year after it has arisen, and

that if it is not so submitted, the parties shall both regard it as time-barred under law. Us and you further agree that, in any 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 claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

24.2.3 We and you agree that any mediation or arbitration will be conducted on an individual, not a class-wide, basis and that a mediation and/or arbitration proceeding between us and your affiliates, and your and their respective members, officers, managers, agents, and/or employees, and you (and/or your owners, managers, guarantors, affiliates, and/or employees) may not be consolidated with any other mediation and/or arbitration proceeding between us and any other person. No party shall initiate or participate in any class action litigation claim against any other party bound hereby.

24.2.4 Despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction.

24.2.5 The provisions of this Section 25 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

24.2.6 Limitation of Parties. We, you and your principals may only seek damages or any remedy under law or equity for any claim against each other or their successors, assigns or guarantors arising out of or relating to the Agreement or the relationships of the parties. We and you agree that affiliates, shareholders, members, directors, officers, employees, agents and representatives will not be personally liable or named as a party in any litigation proceeding arising out of or relating to this Agreement or the relationship among the parties.

24.3 Governing Law and Venue

This Agreement is governed by Wisconsin law, except to the extent this agreement or any dispute is governed by the Lanham Act or other federal law. Except as described in Sections 25.1, 25.2 and 26 hereof, in the event of a dispute that cannot be resolved between any of the parties hereto or otherwise arising in connection with this Agreement or the franchise relationship created pursuant to this Agreement, exclusive venue for any action or legal proceeding shall be in the federal or state courts situated in the Wisconsin county located closest to Franchisor's headquarters, and you (and your principals) hereby consents irrevocably to the exclusive jurisdiction of such courts.

24.4 Attorney's Fee and Costs

If we incur legal fees or other expenses as a result of any breach by you of your obligations under this Agreement, then we will be entitled to recover from you the amount of all such legal fees and other expenses. Except as otherwise provided in this Section, if either party is required to enforce this Agreement in a judicial or other legal proceeding, the party prevailing in such proceeding will be entitled

to reimbursement of its costs and expenses, including reasonable accounting fees, expert witness fees and legal fees.

24.5 WAIVER OF CERTAIN DAMAGES

THE PARTIES HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST US, SBS, OUR AND THEIR AFFILIATES, AND OUR AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, AGENTS, REPRESENTATIVES, LICENSORS, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER. EACH OF YOU AND PRINCIPALS, IF ANY, AGREE THAT IN THE EVENT OF A DISPUTE, YOU AND EACH PRINCIPAL IS LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED.

24.6 LIMITATIONS OF CLAIMS

ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP AMONG THE PARTIES WILL BE BARRED UNLESS A PROCEEDING FOR RELIEF IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING SUCH CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH CLAIMS.

24.7 WAIVER OF JURY TRIAL

IN THE EVENT ANY PARTY INITIATES LITIGATION FOR ANY CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP AMONG THE PARTIES, INCLUDING THOSE THAT INCLUDE OTHER PARTIES OR CLAIMS, ALL PARTIES WAIVE THEIR RIGHT TO A TRIAL BY JURY. THIS WAIVER APPLIES TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN SUCH LITIGATION, INCLUDING BUT NOT LIMITED TO CLAIMS RELATED TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES BETWEEN YOU AND YOUR PRINCIPALS ON THE ONE HAND, AND US AND OUR PRINCIPALS AND SBS AND ITS PRINCIPALS ON THE OTHER HAND.

24.8 Third-Party Beneficiary

We and you agree that SBS Franchising is a third-party beneficiary of this Agreement, including all dispute resolution provisions of this Section 25, and any claims arising from this Agreement and relationship between us and you against SBS Franchising will be conducted in accordance with the terms of this Section 25. SBS Franchising has right to enforce the terms and provisions of this Agreement; notwithstanding the foregoing, SBS Franchising is not a party to this Agreement and SBS Franchising is not responsible for any of the duties, obligations or requirements imposed on us or you by this Agreement or any liabilities of you associated with this Agreement, and as a consequence. You must covenant never to commence any action or proceeding against SBS Franchising, file any complaint with any regulatory

authority concerning SBS Franchising or otherwise assert any claim against SBS Franchising or in any way seek to hold SBS Franchising liable for any performance or non-performance under this Agreement.

24.9 Survival

All provisions of this Section 25 shall survive termination or expiration of this Agreement.

25. INJUNCTION

You explicitly affirm and recognize the unique value and secondary meaning attached to the Stratus Building Solution franchise system and the Marks. Accordingly, you agree that any non-compliance by you with the terms of this Agreement, or any unauthorized or improper use of the Stratus Building Solution franchise system or the Marks by you, will cause irreparable damage to us, Stratus and other Stratus Building Solutions franchisees. You therefore agree that if you engage in this non-compliance, or unauthorized and/or improper use of the Stratus Building Solution franchise system or the Marks, during or after the period of this Agreement, we will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the entry of these temporary and permanent injunctions. No bond is required for the issuance of a temporary restraining order or preliminary injunction, and you expressly waive the imposition of any bond for that purpose.

26. YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

26.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

1. You are organized under the laws of the state of its principal place of business (or another state which you have identified to us) and is in good standing with and qualified to do business in each state and political/ governmental subdivision having jurisdiction over the Franchised Business.
2. You have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.
3. You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.
4. As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or owners (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which

affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use its assets, properties or rights to carry on its business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

5. Neither you nor any of your owners are a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

6. All your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

26.2 Your Acknowledgments. You understand and agree that we may operate and change the Stratus Building Solutions franchise system and our business in any manner that is not expressly prohibited by this Agreement. Whenever we have the right within this Agreement to take or withhold action or to grant or decline to you the right to take or withhold action, we may make such a decision on the basis of our business judgment of what is in our best interests and those of the System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether our decision adversely affects you. Absent applicable statute, we shall have no liability for such a decision, and you agree that our decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, you agree that such a 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 to us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year opposite each signature below.

M & R Cleaning Solutions LLC d/b/a
Stratus Building Solutions of Milwaukee

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

SHAREHOLDERS, MANAGERS OR OWNERS

By: _____

Federal Employer Identification Number

By: _____



Federal Employer Identification Number

Name of Managing Owner: _____

FRANCHISE AGREEMENT

EXHIBIT A THE MARKS

Registered Marks

<u>Trademark</u>	<u>Registration Number</u>	<u>Registration Date</u>
STRATUS BUILDING SOLUTIONS	3,230,289	April 17, 2007 (renewed)
STRATUS BUILDING SOLUTIONS	5,811,443	July 23, 2019
STRATUS	5,296,290 5,296,293	September 26, 2017
STRATUS (& Design) 	5,441,491 5,441,492	April 10, 2018
STRATUS BUILDING SOLUTIONS (& Design) 	6,128,579	August 18, 2020
STRATUS CLEAN	6,853,352	September 20, 2022

FRANCHISE AGREEMENT

EXHIBIT B PROMISSORY NOTE

\$ _____, 20__

FOR VALUE RECEIVED, the undersigned _____ (“Franchisee”) and the owners of Franchisee executing this Note (“Owners”), jointly and severally, promise to pay to the order of M & R Cleaning Solutions LLC d/b/a Stratus Building Solutions of Milwaukee (“Franchisor”) or at such other place or to such other party or parties as a holder of this Note may from time to time designate, in lawful money of the United States of America, the principal sum of _____ Dollars (\$ _____) with interest from the date hereof at the rate of Fifteen Percent (15%) per annum on the unpaid balance of said principal sum until paid.

The undersigned further promise to pay that principal sum and interest in installments as follows:

_____ Dollars on _____ or on the first collection from Franchisee's Customer Contract(s) and _____ successive monthly installments of (\$ _____) Dollars, each on the same day of each succeeding calendar month until all such payments have been made, on which date the entire balance of principal and interest unpaid shall be due and payable.

This note may be prepaid without penalty.

It is agreed that each installment, when paid, shall be credited first to interest then due and the remainder to principal, and interest shall cease upon the principal when so credited. Should the interest not be so paid, it shall, at the sole option of the holder of this Note, become a part of the principal and thereafter bear like interest as the principal.

Should default be made in the payment of any installment of principal or interest when due, then the whole sum of principal and interest shall become immediately due and payable at the option of the holder of this Note, with interest from the date of such default at the rate of eighteen percent (18%) per annum until paid on the entire unpaid principal and interest.

Furthermore, this Note and all other obligations, direct or contingent, of Franchisee or any endorser hereof to Franchisor, shall become due and payable immediately at the option of the holder of this Note, without demand or notice upon the happening of any of the following events:

1. The failure to pay when due any installment of the principal and interest of this Note.
2. The failure to timely keep or properly perform any of the recitals, covenants, conditions, representations, warranties, obligations or guarantees contained in any agreement between the Franchisor and Franchisee.
3. The levy of any attachment, execution, or any other process against all or any part of the assets of Franchisee.
4. The failure to pay, withhold, collect, remit any tax or tax deficiency when assessed or due.
5. The suspension of the business of Franchisee, or the making of a general assignment for the benefit of

creditors, or the commencement of proceeding for dissolution or liquidation, or the commencement of proceeding under any bankruptcy, insolvency, readjustment, or debt or liquidation under law of any statute of the federal or state governments, or the adjudication as bankrupt or insolvent, or the involuntary appointment of a receiver, or applications therefore, or the making of a bulk sale or the giving of notice of intention to do so.

6. At any time when, in the sole opinion of the holder hereof, Franchisee's financial responsibility shall become impaired or unsatisfactory.

In the event an attorney and/or a collection company is employed by the holder of this Note to enforce any of its terms, Franchisee and Owners, jointly and severally, shall pay reasonable costs and attorneys'/collection fees in connection therewith, and such amount shall be secured hereby.

This Note is to be construed in accordance with the laws of the State of Wisconsin.

Name of Franchisee:

Owner of Franchise:

By: _____
Name:
Title:

By: _____
Name:
Title:

EIN

Owner of Franchise:

By: _____
Name:
Title:

FRANCHISE AGREEMENT
EXHIBIT C
ACCOUNT ACQUISITION AGREEMENT



ACCOUNT ACQUISITION AGREEMENT

Date: _____ Acquisition Type: ☐ New ☐ TT ☐ FR ☐ OR Monthly Billing: \$ _____

CUSTOMER NAME: _____ Days of Service: ☐ S ☐ M ☐ T ☐ W ☐ T ☐ F ☐ S

ADDRESS: _____

CITY/STATE/ZIP: _____

FORMER FRANCHISEE: _____ Last Day of Service: _____

NEW FRANCHISEE: _____ First Day of Service: _____

The undersigned Franchisee acknowledges receipt of and accepts responsibility for all duties, services and keys for the above-named Customer account and the related cleaning contract. Franchisee agrees to adhere to the cleaning schedule and all other parts of the cleaning agreement and to perform services to STRATUS standards. Franchisee is responsible for the safekeeping of the Customer's keys and alarm codes. Should any keys or codes be lost or not returned upon request, replacement charges will be the responsibility of the Franchisee. Additional penalties may apply as outlined in the Stratus Procedures Manual. These charges will be withheld from the next Franchisee Monthly Statement. Franchisee acknowledges that Franchisee has not received representations or claims from any source regarding the profitability or propriety of the above-named Customer. Franchisee has engaged in its own due diligence with respect to the pricing, general terms, parties, duties, and proposed services related to the above-named Customer. Based on such due diligence alone, Franchisee has determined that accepting such Customer Contract is in the best interest of its business.

Keys transferred from: _____ Number of Keys: _____

\$ _____ - \$ _____ = \$ _____ x _____ - \$ _____ = \$ _____

PAYMENT OPTIONS

_____ 1. PAYMENT IN FULL - \$ _____ Has been paid in complete payment of the Account Acquisition Fee (less 10% for cash payment). No interest assessed.

_____ 2. SWEAT EQUITY OPTION - \$ _____ is to be deducted in 4 or 5 consecutive, equal installments from the Franchisee monthly statement until complete payment of the Account Acquisition Fee has been achieved. No interest will be assessed. Payment amounts applied to this note, equals the amount of money left after Royalties, Management Fees, Insurance and any other fees that may apply, are deducted.

_____ 3. LOAN OPTION - The balance of the amount due from above (\$ _____) will be paid in _____ equal monthly installments based upon the gross monthly billing volume difference of the account, with interest on the balance at _____% per annum.

For value received, Franchisee agrees to pay the above principal amount plus interest at the rate of _____ (____%) per annum on the balance of said principle. Franchisee agrees to allow STRATUS to deduct a monthly payment directly from their accumulated total gross billings. Franchisee agrees that any payments not made in accordance with this Account Acquisition Agreement may be deducted in full by STRATUS from Franchisee's next Franchise Statement or Statements as may be necessary. STRATUS may call this note immediately due and payable, without notice, for performance cancellations, abandonment of the account, violations of the Franchise Agreement and/or Procedures Manual, or at any time in the sole opinion of STRATUS, the franchisee's financial ability to pay this note shall become impaired or unsatisfactory. Franchisee agrees to pay all non-compliance fees that apply as described in the STRATUS Procedures Manual. All payments are in addition to Royalties, Administration Fee's, Insurance and other fees that may apply. There is no penalty for pre-payment of this note. In the event a collection agency or attorney is employed by STRATUS to enforce any of its terms, Franchisee shall pay reasonable costs and collection/attorney fees in connection herewith, and such amount shall be secured hereby. This note shall be construed in accordance with the laws of the state listed above.

The dollar value of accounts, which are additional business, is guaranteed for up to one (1) year, when paid in full upon signing this Account Acquisition Agreement. Accounts that cancel for performance reasons will not be replaced and no credit or refund will be given. Accounts financed with installment payments (options 2 & 3) are not guaranteed. Franchisee acknowledges that no refunds will be made or credits given on any payments made when using the installment payment option. Payment fees will remain due and payable if the franchisee was a contributing factor to the cancellation of the account, abandons the account, or was in non-compliance with STRATUS Systems.

Franchisee certifies that sufficient capital has been maintained to purchase all needed supplies and equipment and to meet all expected payroll expenses for the first 60 days of service.

Date: _____

FRANCHISEE NAME (Print)

FRANCHISEE NAME (Signature)

Stratus Representative

FRANCHISE AGREEMENT

EXHIBIT D CONFIDENTIALITY, NON-USE AND NON-COMPETITION AGREEMENT

AGREEMENT by and between M & R Cleaning Solutions LLC d/b/a Stratus Building Solutions of Milwaukee (“Franchisor”) having an address at _____ and _____ having an address at _____ (“Franchisee”).

WITNESSETH:

WHEREAS, **Franchisor** is principally engaged in the business of developing the sale of franchises in the business of providing comprehensive building maintenance care services, including, but not limited to, commercial cleaning and maintenance services for interior and exterior environments of business and residential locations in a specified geographic area (“Territory”); and

WHEREAS, **Franchisee** is an independent business entity which has entered into a Franchise Agreement with **Franchisor** in the Territory (“Franchise Agreement”) to operate a franchised business offering such cleaning services (“Franchised Business”); and

WHEREAS, during the course of the relationship between **Franchisor** and **Franchisee** **Franchisor** provides certain information to **Franchisee** relating to **Franchisor**, including, without limitation, a Brand Standards Manual, which includes content about franchise operations, cleaning operations, evaluations, business operations, office care, restroom care, trade names, trademarks, product designs and plans and other proprietary business concepts and plans (collectively, the “Confidential Information”) which **Franchisor** considers proprietary, but which Confidential Information does not include that information which was otherwise known to **Franchisee** prior to the date hereof, or which is or enters into the public domain.

NOW, THEREFORE, for One Dollar (\$1.00) and other good and valuable consideration, receipt of which is hereby acknowledged the parties hereto agree as follows:

1. **Franchisee** on behalf of its officers, directors, shareholders, employees, agents, subsidiaries and affiliates, pledges and agrees that for a period commencing on the date of this Agreement and continuing thereafter, in the absence of prior written consent by **Franchisor** (a) it will keep all Confidential Information in strict confidence, (b) it will not disclose Confidential Information to any individual or entity, (c) it will not use the Confidential Information for any purpose other than as directed by and needed for **Franchisor’s** use, (d) it will inform its subsidiaries and affiliates and the professional and financial advisors of **Franchisee** and its subsidiaries and affiliates of the confidential nature of the Confidential Information, (e) it will not reproduce or use the Confidential Information, and (f) at the request

of **Franchisor** it will cause its employees to execute Confidentiality, Non-use and Non-disclosure Agreements consistent with the terms of this Agreement.

2. Confidential Information provided to **Franchisee**, his, her or its professional and financial advisors, or to any of its subsidiaries or affiliates and their respective professional and financial advisors, by **Franchisor** in the course of the parties' relationship shall be delivered promptly to **Franchisor** upon termination of the same, and its subsidiaries and affiliates, and professional and financial advisors and/or its subsidiaries and affiliates shall not retain any copy, note, or extract of such Confidential Information, except as the parties hereto may agree.

3. **Franchisor** makes no representations or warranties as to the accuracy or completeness of the Confidential Information provided to **Franchisee** and shall not be liable, directly or indirectly, to or any of **Franchisee's** subsidiaries or affiliates as a result of any use of the Confidential Information by or on behalf of any of its subsidiaries or affiliates, except as may be provided in a definitive agreement between **Franchisor** and **Franchisee**. **Franchisee** specifically waives any and all claims for any loss or damage suffered by it due to its use of the Confidential Information and agrees to indemnify and hold **Franchisor** harmless for any claims made against **Franchisor** based upon **Franchisee's** providing the Confidential Information to third parties.

4. **Franchisee** agrees that the registered trademark "Stratus Building Solutions" among other names and marks, is a proprietary trade name licensed to **Franchisee** by the **Franchisor** and that the use and any financial benefit derived from it is strictly prohibited. **Franchisee** further agrees that during the term of its Franchise Agreement or any successor Franchise Agreement, and for a period of two (2) years after the termination or expiration of the Franchise Agreement, and within the Territory or a distance of twenty (20) miles from the Territory, **Franchisee** agrees that neither it, its affiliates nor any of **Franchisee's** partners, shareholders or members, will (i) divert, solicit, or attempt to divert or solicit, any business or customer of us, the Franchised Business, or any other franchisee of **Franchisor**, or (ii) provide commercial cleaning and maintenance services to any business or Customer (a) who is currently serviced by **Franchisee**, any other franchisee, or other person under the System and the Marks under the Franchise Agreement or (b) who has been serviced by **Franchisee**, any other franchisee, or other person under the System and the Marks under this Agreement within the previous eighteen (18) month period prior to such expiration or termination; or (iii) perform any act injurious or prejudicial to the goodwill associated with the Marks.

5. **Franchisee** acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to **Franchisor** for which no adequate remedy at law will be available. Accordingly, **Franchisee** hereby consents to the entry of an injunction procured by **Franchisor** prohibiting any conduct by **Franchisee** in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth in this agreement. **Franchisee** expressly agrees that it may conclusively be presumed in any legal action that any violation of the terms of these

covenants not to compete was accomplished by and through my unlawful utilization of **Franchisor's** Confidential Information, know-how, methods and procedures. Further, **Franchisee** expressly agrees that any claims it may have against **Franchisor** will not constitute a defense to **Franchisor's** enforcement of the covenants not to compete set forth in this Agreement. **Franchisee** further agrees to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those covenants not to compete set forth in this Agreement.

6. As used herein, "subsidiaries" means with respect to **Franchisee** any and all corporations, partnerships, trusts or other entities controlling, controlled by or under common control with **Franchisee**. "Affiliates" means with respect to a corporation (i) any employee, agent, officer, director, shareholder, or (ii) any corporation, partnership, trust or other entity controlling, controlled by or under common control with such corporation or any person described in (i) above, or (iii) any employee, agent, officer, director, trustee, general partner, or ten percent (10%) shareholder of any person or entity described in (ii) above, or (iv) any person who is a member, other than as a limited partner with any person described in (i) and (ii) above in a relationship of joint venture, general partnership or similar form of unincorporated business association. For purposes of these definitions, the term "control" shall mean the control or ownership of ten percent (10%) or more of the beneficial interest in the person or entity referred to.

7. If any provision of this Agreement (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

8. This Agreement shall be binding upon and shall inure to the benefit of **Franchisor** and **Franchisee** and their respective Subsidiaries and Affiliates, and its and their successors and assigns.

9. This Agreement shall be governed by the laws of the state of Wisconsin.

10. This Agreement contains the complete understanding of **Franchisee** and **Franchisor** with respect to the Confidential Information, and this Agreement shall not be amended without the prior written consent of the parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date opposite each signature below.

Franchisee: _____

By: _____

Its: _____

Date: _____

M & R Cleaning Solutions LLC

By: _____

Its: _____

Date: _____

FRANCHISE AGREEMENT

EXHIBIT E FRANCHISEE COMPLIANCE CERTIFICATION*

As Franchisee knows, M & R Cleaning Solutions LLC d/b/a Stratus Building Solutions of Milwaukee (the “**Franchisor**”) and Franchisee are preparing to enter into a Franchise Agreement for the establishment and operation of a “Stratus” franchised business (the “**BUSINESS**”). The purpose of this Questionnaire is to confirm that Franchisee understands and accepts its obligations under the Franchise Agreement, and to determine whether any statements or promises were made to Franchisee that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you formed a corporation, limited liability company or partnership to act as an independent business entity that will be the Franchisee and will establish and operate the BUSINESS under a Franchise Agreement with Franchisor?

Yes _____ No _____

2. Does the Franchisee understand that neither it nor its employees will be employees of Franchisor or of SBS Franchising, LLC?

Yes _____ No _____

3. Has the Franchisee explained to its employees that they will not be employees of Franchisor or of SBS Franchising, LLC and will it do so?

Yes _____ No _____

4. Has the Franchisee received and personally reviewed the Franchisor’s Franchise Disclosure Document (“**FDD**”) that was provided to the Franchisee?

Yes _____ No _____

5. Did the Franchisee sign a receipt for the FDD indicating the date the Franchisee received it?

Yes _____ No _____

6. Has the Franchisee entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

7. Has the Franchisee paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

FRANCHISEE UNDERSTANDS THAT FRANCHISEE'S ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, FRANCHISEE IS REPRESENTING THAT FRANCHISEE HAS CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

FRANCHISEE

By: _____

Name: _____

Title: _____

Date: _____

* No statement, questionnaire, or acknowledgement 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.

FRANCHISE AGREEMENT

EXHIBIT F GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That:

the undersigned individuals and entities, for each of them and their respective corporate parents, subsidiaries, affiliates, successors, predecessors, and the respective assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, of each of those entities (in their corporate and individual capacities) (collectively, "RELEASORS"), in consideration of the consent of M & R Cleaning Solutions d/b/a Stratus Building Solutions of Milwaukee, to the Assignment or Renewal of the Franchise Agreement between RELEASOR and Stratus Building Solutions of Milwaukee (the "Franchise Agreement"), for the offer of additional customer contracts under the Franchise Agreement, and/or for other good and valuable consideration, hereby irrevocably and absolutely release and forever discharge Stratus Building Solutions of Milwaukee and SBS Franchising, LLC, and their respective corporate parents, subsidiaries, affiliates, successors, predecessors, and the respective assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, of each of those entities (in their corporate and individual capacities) (jointly and severally, the "RELEASEES"), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this General Release. The RELEASORS, and each of them, also covenant not to sue or otherwise bring a claim against any of the RELEASEES regarding any of the claims being released under this General Release. RELEASORS hereby acknowledge that this release is intended to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist. Each of the RELEASORS expressly acknowledges that they are familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Each of the RELEASORS hereby specifically and expressly waives all rights that it may have under Section 1542 of the California Civil Code and any similar provision of law in any other jurisdiction.

Without in any way limiting the foregoing, and to the greatest extent permitted by law, RELEASORS acknowledge and agree that their release includes all claims under local, state, or federal law that the RELEASEES, collectively or individually: (1) employed RELEASORS, misclassified RELEASORS as independent contractors, or wrongfully failed to treat RELEASORS as employed by the RELEASEES; (2) failed to pay wages, tips, or other compensation, including but not limited to minimum wage or overtime compensation, or to provide leaves of absence or time off; (3) discriminated or retaliated against RELEASORS on any

basis; (4) violated any protection afforded to whistleblowers; or (5) violated public policy when terminating a business relationship with RELEASORS.

This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Additionally, any liabilities arising under any other applicable state law that may not be released in this context shall not be released and shall be excluded from this release without otherwise affecting the validity of the Release. Each of the undersigned acknowledge and agree that they have read the terms of this General Release, they fully understand and accept the terms, and that they have entered into this General Release intending to be legally bound, voluntarily, and without any coercion.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the date opposite each signature below.

WITNESS: By: _____ Print Name: _____ Date: _____	FRANCHISEE: Entity name: _____ By: _____ Print Name: _____ Title: _____ Date: _____
WITNESS: By: _____ Print Name: _____ Date: _____	INDIVIDUAL OWNER: By: _____ Print Name: _____ Date: _____
WITNESS: By: _____ Print Name: _____ Date: _____	INDIVIDUAL OWNER: By: _____ Print Name: _____ Date: _____
WITNESS: By: _____ Print Name: _____ Date: _____	INDIVIDUAL OWNER: By: _____ Print Name: _____ Date: _____

EXHIBIT B

EQUIPMENT AND SUPPLY STARTER KIT

<u>STRATUS STARTER KIT</u>	<u>QUANTITY</u>
44 GALLON PLASTIC GARBAGE CAN	1
DOLLY FOR GARBAGE CAN	1
CADDY	1
32. OZ SPRAY BOTTLE	4
HEAVY DUTY TRIGGER	4
BOWL MOP	1
BOWL CADDY TO HOLD BOWL MOP AND 32 OZ. BOTTLE	1
LOBBY DUST PAN - 36" HANDLE, 12" PAN	1
LOBBY BROOM - SYNTHETIC, ANGLED TIP, 32" HANDLE	1
WET FLOOR SIGN - FOLDABLE, DURABLE PLASTIC	1
LATEX GLOVES - 100/BX - LARGE	1 BX
SAFETY GLASSES - VENTED SIDES	1
MICRO FIBER MOP HEADS - 18", RED	2
MICRO FIBER MOP HEADS - 18", BLUE	2
MICRO FIBER MOP TELESCOPING HANDLE	1
MICRO FIBER FRAME	1
MICRO FIBER BUCKET	1
BUCKET LID	1
16X16 MICRO FIBER CLOTHES - BLUE, RED, GREEN, YELLOW	4 EA.
PROTEAM SUPER COACH WITH HEPA FILTRATION	1
PROTEAM SUPER COACH PAPER FILTER BAGS 10/PKG.	1
STRATUS ALL PURPOSE CLEANER	1 QT.
STRATUS GLASS CLEANER	2 QTS.
STRATUS BATH & BOWL CLEANER	2 QTS.
STRATUS OXY CARPET N' SPOT	1 QT.
STRATUS CLEANER DEGREASER	1 QT.
MICRO FIBER FLEX DUSTER	1
MICRO FIBER FLEX DUSTER SLEEVE	1
FEATHER DUSTER	1

EXHIBIT C

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 Office of Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 567-6360</p> <p>Agent for Service of Process: Securities Commissioner Division of Securities 200 St. Paul Place Baltimore, Maryland 21202</p>	<p>New York NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8222</p> <p>Agent for Service of Process: NYS Secretary of State 99 Washington Avenue Albany, NY 12231</p>	<p>South Dakota Department of Labor and Regulation 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 Division of Securities Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>
<p>Hawaii Department of Commerce and Consumer Affairs Commissioner of Securities of the State of Hawaii Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 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, MI 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 – 5th Floor Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712</p> <p>Agent for Service of Process: Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Dept. 414 Bismarck, ND 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 Seventh Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328</p> <p>Agent for Service of Process: Commissioner of Commerce 85 Seventh Place East St. Paul, Minnesota 55101</p>	<p>Oregon Department of Insurance & Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387</p>	<p>Washington Administrator Department of Financial Institution 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, IN 46204</p>	<p>Missouri</p> <p>Agent for Service of Process: 1976 Innerbelt Business Center Drive St. Louis, MO 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>

EXHIBIT D-1

STRATUS MILWAUKEE FRANCHISEE LIST

None.

EXHIBIT D-2
Certain System-wide Franchisee List
(AS OF 12/31/2023)*

First Name	Last Name	Address	City	State	Zip Code	Phone	Territory
Blanca	Ocampo	2208 S. 57th Ave.	Cicero	Illinois	60804	(708) 655-4656	IL - Chicago Central
Yolanda	Scott	5237 S Seeley Ave	Chicago	Illinois	60609	(678) 328-0795	IL - Chicago Central
Esmeralda	Gonzalez	1207 Cora St	Joliet	Illinois	60435	(815) 409-9229	IL - Chicago Central
Adriana	Cardenas	1018 Vine St	Joliet	Illinois	60435	(779) 707-6414	IL - Chicago Central
Dora	Fernandez	2809 W 63rd St	Chicago	Illinois	60629	(312) 885-0141	IL - Chicago Central
Ana	Valadez	238 LaSalle St	Aurora	Illinois	60505	(331) 454-0179	IL - Chicago Central
Bayron	Del Cid	320 S East Ave	Aurora	Illinois	60505	(331) 425-1445	IL - Chicago Central
Manuel	Meglar	318 S Jackson St	Aurora	Illinois	60505	(630) 486-2667	IL - Chicago Central
Roselia	Del Cid	821 Gates St	Aurora	Illinois	60505	(630) 809-6986	IL - Chicago Central
Nohemy	Gomez	3456 W 61st St	Chicago	Illinois	60629	(773) 676-3603	IL - Chicago Central
Hector	Martinez	3942 W 62nd St	Chicago	Illinois	60629	(773) 691-2888	IL - Chicago Central
Yazmin	Romero	1714 Great Ridge Dr	Plainfield	Illinois	60586	(630) 901-9609	IL - Chicago Central
Anthony	Richko	3320 W 114th St	Chicago	Illinois	60655	(708) 674-5810	IL - Chicago Central
Obduliah	Mendoza	4643 S Komensky Ave	Chicago	Illinois	60632	(773) 630-0599	IL - Chicago Central
Isabel	Martinez	1207 Cora St	Joliet	Illinois	60435	(312) 532-0880	IL - Chicago Central
Joshua	Owaolabi	1217 Rudolph St	Calumet City	Illinois	60409	(708) 466-5841	IL - Chicago Central
Ricardo	Cardenas	48 Wingate Dr	Oswego	Illinois	60543	(630) 641-1110	IL - Chicago Central
James	Baltazar	1373 River Oak Dr	Naperville	Illinois	60565	(312) 358-0603	IL - Chicago Central
Zoila	Pelayo	2630 Spring Creek	Belvedere	Illinois	61008	(779) 348-4890	IL - Chicago Central
Elvia	Monzon	527 Hammond Ave	Aurora	Illinois	60506	(630) 373-2082	IL - Chicago Central
Juan	Figueroa	1936 Wesley Ave	Berwyn	Illinois	60402	(312) 843-1223	IL - Chicago Central
Margarita	Quinones	623 S Loucks St	Aurora	Illinois	60505	(630) 392-4723	IL - Chicago Central
Yetsy	Sanchez Velasco	1326 Cedarwood Dr	Crest Hill	Illinois	60403	(689) 251-6001	IL - Chicago Central
Gustavo	Gonzalez	5143-W Potomac Ave	Chicago	Illinois	60651	(773) 408-1192	IL - Chicago North
Belkis	Vasquez	618 Lorraine Ave.	Waukegan	Illinois	60085	(224) 203-1925	IL - Chicago North
Luis	Quinones	536 N. Ardmore Ave.	Villa Park	Illinois	60181	(331) 425-1020	IL - Chicago North

First Name	Last Name	Address	City	State	Zip Code	Phone	Territory
Harrison	Morris	1840 W. Birchwood	Chicago	Illinois	60626	(630) 523-2542	IL - Chicago North
Hugo	Castro	240 E. Prairie Street	Crystal Lake	Illinois	60014	(815) 219-8264	IL - Chicago North
Raziel	Torres	454 Timber Dr	Harvard	Illinois	60033	(815) 687-4463	IL - Chicago North
Steve	Vorgias	737 W. Bode Circle Apt. 109	Hoffman Estates	Illinois	60169	(815) 321-3815	IL - Chicago North
Carlos	Mata	1301 Ely Ct	Wheeling	Illinois	60090	(847) 331-2793	IL - Chicago North
Elia	Nunez	658 Packard Dr.	Elgin	Illinois	60120	(847) 346-4621	IL - Chicago North
Maria	Hernandez	1413 Pine Grove Ave.	Round Lake Beach	Illinois	60073	(847) 980-3310	IL - Chicago North
Jose	Rivera	1108 Mcaree	Waukegan	Illinois	60085	(224) 627-5698	IL - Chicago North
Marco	Carbajal	13153 W 21st St	Wadsworth	Illinois	60083	(224) 762-9506	IL - Chicago North
Adriana	Gonzalez	2282 Nichols St	Arlington Heights	Illinois	60004	(224) 434-8838	IL - Chicago North
Mayra	Contreras	26 10th Ave	Arlington Heights	Illinois	60005	(224) 201-6202	IL - Chicago North
Claudia	Murillo	12900 W Heiden Circ	Lake Bluff	Illinois	60044	(847) 204-9656	IL - Chicago North
Martin	Rodriguez	1100 Briden Dr	Marengo	Illinois	60123	(847) 857-0209	IL - Chicago North
Concepcion	Garcia	1725 Sunset Ave	Waukegan	Illinois	60087	(224) 456-7515	IL - Chicago North
c. Monserrat	Casteneda	1935 Arthur Ave	Berkeley	Illinois	60163	(708) 515-2271	IL - Chicago North
Jose	Sanchez	7300 N Paulina Ave	Chicago	Illinois	60626	(773) 739-4789	IL - Chicago North
Arturo	Beltran	146 1/2 1st St	Woodstock	Illinois	60098	(815) 701-1513	IL - Chicago North
Ruth	Cheves	26 King Arthur Ct	Northlake	Illinois	60164	(708) 537-8655	IL - Chicago North
Lina	Flores	770 Court of Birch	Vernon Hills	Illinois	60061	(847) 257-9780	IL - Chicago North
Ulises	Ottier	1243 Bishop St	West Chicago	Illinois	60185	(331) 575-1482	IL - Chicago North
Carlos	Camarrillo	330 Dover Ln	Des Plaines	Illinois	60018	(630) 407-4292	IL - Chicago North
Javon	Mullins	6521 21st ave	Kenosha	Wisconsin	53143	(847) 415-7690	IL - Chicago North
Pedro	Velazquez	2313 S Ridgeland	Berwyn	Illinois	60402	(708) 715-8055	IL - Chicago North
Esperanza	Casillas	454 N Laverne Ave	Hillside	Illinois	60162	(224) 297-9423	IL - Chicago North
Maria	Trinidad	606 N Lakewood Ter	Round Lake	Illinois	60073	(224) 423-8119	IL - Chicago North
Yeimmy	Fernandez	1693 Lincoln Meadows Cir	Schaumburg	Illinois	60173	(407) 789-5660	IL - Chicago North
Gilberta	Alvarez	89 E Blecke Ave	Addison	Illinois	60101	(224) 334-2653	IL - Chicago North
Wendy	Enriquez	815 N Green St	McHenry	Illinois	60050	(470) 253-5686	IL - Chicago North

First Name	Last Name	Address	City	State	Zip Code	Phone	Territory
Norma	Careres	2142 Highland Ave	Berwyn	Illinois	60402	(872) 289-8368	IL - Chicago North
Azael	Marin	3324 W Crystal ST	Chicago	Illinois	60651	(312) 662-3179	IL - Chicago North
Lloyd	Hayes	2046 W 52nd Pl	Chicago	Illinois	60609	(773) 981-3138	IL - Chicago North
Benjamin	Lian	1932 N Brandon Dr	Glendale Heights	Illinois	60139	(630) 344-3808	IL - Chicago North
Victorina	Tejada	4113 W Elm St	McHenry	Illinois	60050	(815) 307-9073	IL - Chicago North
Alfredo	Villalba	4914 W 29th PL	Cicero	Illinois	60804	(773) 992-8353	IL - Chicago North
Evelia	Melgarego	103 Riverside	Lakemore	Illinois	60051	(815) 388-5170	IL - Chicago North
Celia	Julio Pelayo	3716 Doty Rd	Woodstock	Illinois	60098	(815) 404-9756	IL - Chicago North
Felipa	Patino Sanchez	709 2nd Ave	Aurora	Illinois	60505	(630) 402-1840	IL - Chicago North
Tomas	Cruz	1968 W Algonquin Rd	Mt Prospect	Illinois	60056	(630) 881-2279	IL - Chicago North
Janeth	Jimenez	100 S Maple Ave	Wauconda	Illinois	60084	(224) 409-7638	IL - Chicago North
Alejandro	Hernandez	1227 S 56th Ct	Cicero	Illinois	60804	(708) 830-1773	IL - Chicago North
Norma	Velazquez	1541 N 37 Ave	Melrose Park	Illinois	60160	(708) 980-5091	IL - Chicago North
Dina	Aragon	754 Dempster St	Mount Prospect	Illinois	60056	(847) 977-4033	IL - Chicago North
Martin	Villalobos	2055 N 18th Ave	Melrose Park	Illinois	60160	(708) 323-0068	IL - Chicago North
Karina	Morgado	2201 Waverly Pl	Waukegan	Illinois	60085	(773) 990-0503	IL - Chicago North
Naung	Shen	721 Burdette Ave	Glendale Heights	Illinois	60139	(312) 373-8233	IL - Chicago North
Ana	Arellano	2010 School St	Rockford	Illinois	61101	(779) 244-2140	IL - Chicago North
Yberio	Gumecindo	3201 Elaine Dr	Woodstock	Illinois	60098	(847) 909-9481	IL - Chicago North
Alfredo	Cosme	826 N Lawndale Ave	Chicago	Illinois	60651	(773) 673-7669	IL - Chicago North
Juan	Paredes	29460 N St Route 83	Mundelein	Illinois	60060	(847) 373-8290	IL - Chicago North
Yaxaira	Nunez	512 Stoney Creek Ln	Harvard	Illinois	60033	(815) 701-8458	IL - Chicago North
Fredy	Garcia Gomez	1923 Herbert Ave	Berkeley	Illinois	60163	(312) 409-9439	IL - Chicago North
Osvaldo	Gutierrez	236 Gregg Ct	Streamwood	Illinois	60107	(224) 334-8858	IL - Chicago North
Gabriela	Fonseca	818 C Buena Vista Dr	Round Lake	Illinois	60073	(224) 814-2617	IL - Chicago North
Isidro	Alarcon	727 1/2 N 7th St	DeKalb	Illinois	60115	(224) 830-6897	IL - Chicago North
Santiago	Martinez	452 Walnut Ave	Elgin	Illinois	60123	(331) 222-0201	IL - Chicago North
Dulce	Amaro	304 S 4th St	Aurora	Illinois	60505	(630) 486-2211	IL - Chicago North
Cynthia	Paredes	698 Bluff St	Carol Stream	Illinois	60188	(847) 754-0789	IL - Chicago North

First Name	Last Name	Address	City	State	Zip Code	Phone	Territory
Jose	Cobos	118 N Douglas St	Woodstock	Illinois	60098	(224) 605-0579	IL - Chicago North
Jorge	Alberto	386 N Poplar Ave	Wood Dale	Illinois	60191	(630) 463-8962	IL - Chicago North
Angel	Hernandez-Landa	2010 Main St	Spring Grove	Illinois	60081	(773) 951-1267	IL - Chicago North
Jose	Arce	627 Villa St	Elgin	Illinois	60120	(224) 805-8571	IL - Chicago North
Martha	Gomez	415 Arrow Trl	Wheeling	Illinois	60090	(224) 253-9050	IL - Chicago North
Kayla	Garcia	4606 Bonner Dr	McHenry	Illinois	60050	(815) 345-6660	IL - Chicago North
Ismaris	Espinoza	4928 W Wabansia Ave	Chicago	Illinois	60639	(872) 333-1067	IL - Chicago North
Tomasa	Silva	PO Box 5373	Glendale Heights	Illinois	60139	(224) 268-2134	IL - Chicago North
Nicole	Espinosa	83 Chariot Rd	Wheeling	Illinois	60090	(224) 465-3162	IL - Chicago North
Regional	Robertson	685 W Moreland Ave	Addison	Illinois	60101	(312) 687-3596	IL - Chicago North
Leticia	Ocelotl	124 Cary St	Cary	Illinois	60013	(608) 217-2598	IL - Chicago North
Gilroy	Butler	1404 Pitner Ave	Evanston	Illinois	60201	(773) 571-5620	IL - Chicago North
Norma	Campos	1513 12th St	Waukegan	Illinois	60085	(224) 413-1915	IL - Chicago North
Jimmy	Ramirez-Perez	2302 Hunters Ln	Round Lake Beach	Illinois	60073	(773) 877-8788	IL - Chicago North
Maria	Campuzano	1417 N 22nd Ave	Melrose Park	Illinois	60120	(708) 515-5699	IL - Chicago North
Mariana	Garcia	12N955 Romke Rd	Hampshire	Illinois	60140	(708) 765-2002	IL - Chicago North
Martin	Romero	371 Cornell Ln	Elgin	Illinois	60123	(224) 650-1962	IL - Chicago North
Jose	Campos	1213 Sycamore St	Lake in the Hills	Illinois	60156	(224) 875-4440	IL - Chicago North
Felix	Gonzalez	1540 S 75th	West Allis	Wisconsin	53214	(414) 317-3178	IL - Chicago North
Marshall	Pena	1427 S 57th st	Milwaukee	Wisconsin	53214	(414) 722-8602	IL - Chicago North
Reyna	Aquino	5703 Landcaster Cir	McHenry	Illinois	60050	(815) 900-1714	IL - Chicago North
Fausto	Matute	2602 Atlantic Ave	Waukegan	Illinois	60085	(847) 302-3553	IL - Chicago North
Aarizbeth	Landa	54 E Terra Cotta Ave	Crystal Lake	Illinois	60014	(815) 909-9263	IL - Chicago North
Eric	March	609 Burgess Ct	Schaumburg	Illinois	60194	(847) 313-0727	IL - Chicago North
Ezequiel	Gonzalez	537 Illinois Ave	Elgin	Illinois	60120	(224) 425-2395	IL - Chicago North

* Note that an individual franchisee may operate more than one Franchised Business, and that an individual Franchised Business may have more than one owner listed in the chart above.

EXHIBIT E

LIST OF FORMER
STRATUS MILWAUKEE FRANCHISEES
AS OF DECEMBER 31, 2024

None.

EXHIBIT F-1

FINANCIAL STATEMENTS OF STRATUS MILWAUKEE

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

M & R Cleaning Solutions LLC**Balance Sheet**

		as of December 31
		2023
Assets		
Current Assets - Cash and cash equivalents	\$	26,974
Franchise Rights		162,000
Total Assets	\$	188,974
Liabilities and Members' Equity		
Lines of Credit	\$	20,000
Members' Equity		168,974
Total liabilities and members' equity	\$	188,974

FOOTNOTES**NOTE 1 Basis of presentation**

The balance sheet has been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 2 Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

NOTE 3 Franchise rights

Franchise rights are amortized using the straight-line method over the average remaining term of the acquired franchise agreements.

4. Lines of credit

The company has a revolving line of credit with a maximum borrowing capacity of \$20,000. The balance as of December 31, 2023, was \$20,000. The line of credit is secured by the company's assets and bears interest at a variable rate based on the prime rate plus a margin.

5. Members' equity

Members' equity represents the equity interest of the company's members. Changes in members' equity reflect the income or loss of the company, additional contributions, and distributions to members.

6. Use of estimates

The preparation of the balance sheet in conformity with U.S. GAAP 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. Actual results could differ from those estimates.

7. Subsequent events

Management has evaluated subsequent events through [date of issuance of the financial statements], the date the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure.

Stratus Building Solutions of Milwaukee
Balance Sheet
As of April 30, 2024

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
Initiate Business Checking® (0231) - 1	4,413.02
Total Bank Accounts	\$ 4,413.02
Accounts Receivable	
Accounts Receivable (A/R)	16,294.55
Total Accounts Receivable	\$ 16,294.55
Other Current Assets	
Opus - SP ViaStmt Funds	-161.53
Payments to deposit	7,500.00
Total Other Current Assets	\$ 7,338.47
Total Current Assets	\$ 28,046.04
Other Assets	
Goodwill	162,000.00
Total Other Assets	\$ 162,000.00
TOTAL ASSETS	\$ 190,046.04
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	1,680.41
Total Accounts Payable	\$ 1,680.41
Other Current Liabilities	
Lines of credit	20,000.00
Opus - Customer Invoices Reserve	6,506.55
Total Other Current Liabilities	\$ 26,506.55
Total Current Liabilities	\$ 28,186.96
Total Liabilities	\$ 28,186.96
Equity	
Owner' equity	
Distributions	-149.62
Investment	206,828.00
Total Owner' equity	\$ 206,678.38
Retained Earnings	-27,103.88
Net Income	-17,715.42
Total Equity	\$ 161,859.08
TOTAL LIABILITIES AND EQUITY	\$ 190,046.04

Stratus Building Solutions of Milwaukee

Profit and Loss

January - April, 2024

	Total
Income	
Opus - Master / In-House Income	
Opus - In-House Services Income	405.00
Total Opus - Master / In-House Income	\$ 405.00
Opus - SP Income	
Opus - SP Admin Income	318.68
Opus - SP Franchise Fee Income	18,500.00
Opus - SP Insurance Income	159.34
Opus - SP Interest Income	12.50
Opus - SP Royalty Income	159.34
Opus - SP Special Service Income	29.90
Opus - SP Supplies/Equipment Income	-567.54
Total Opus - SP Income	\$ 18,612.22
Other Franchise Fee - Revenue	10,535.94
Total Income	\$ 29,553.16
Cost of Goods Sold	
Cost of goods sold	
Supplies & materials - COGS	1,251.98
Total Cost of goods sold	\$ 1,251.98
Total Cost of Goods Sold	\$ 1,251.98
Gross Profit	\$ 28,301.18
Expenses	
Advertising & marketing	
Lead Generation	1,110.00
Social media	10,624.91
Website ads	1,491.93
Total Advertising & marketing	\$ 13,226.84
Cleaning Expense	125.00
Contract labor	3,600.00
Franchise Fee	9,210.20
General business expenses	
Bank fees & service charges	4.75
Continuing education	1,136.40
Uniforms	72.45
Total General business expenses	\$ 1,213.60
Insurance	1,788.36
Legal & accounting services	
Accounting fees	500.00
Legal Fees	1,665.22
Total Legal & accounting services	\$ 2,165.22
Meals	

Meals with clients		730.90
Total Meals	\$	730.90
Office expenses		
Office supplies		829.99
Shipping & postage		593.93
Small tools & equipment		10.79
Software & apps		986.23
Total Office expenses	\$	2,420.94
Rent		7,200.00
Supplies		
Supplies & materials		734.20
Total Supplies	\$	734.20
Travel		
Airfare		1,176.55
Hotels		577.26
Taxis or shared rides		220.11
Total Travel	\$	1,973.92
Utilities		
Electricity		756.96
Phone service		652.71
Total Utilities	\$	1,409.67
Total Expenses	\$	45,798.85
Net Operating Income	-\$	17,497.67
Other Expenses		
Vehicle expenses		
Parking & tolls		87.70
Vehicle gas & fuel		130.05
Total Vehicle expenses	\$	217.75
Total Other Expenses	\$	217.75
Net Other Income	-\$	217.75
Net Income	-\$	17,715.42

EXHIBIT F-2

FINANCIAL STATEMENTS OF SBS FRANCHISING



Consolidated Financial Statements

SBS Franchising LLC

(Expressed in US dollars)

December 31, 2023 and 2022

Contents

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Consolidated Statements of Income and Comprehensive Income	4
Consolidated Statements of Changes in Member's Equity	5
Consolidated Statements of Cash Flows	6
Notes to the Financial Statements	7 - 14

Report of Independent Certified Public Accountants

Grant Thornton LLP
Suite 1600
333 Seymour Street
Vancouver, BC
V6B 0A4
T +1 604 687 2711
F +1 604 685 6569

Board of Directors

SBS Franchising LLC

Opinion

We have audited the consolidated financial statements of SBS Franchising LLC (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of income and comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter – Restated comparative information

As discussed in note 12, the 2022 consolidated financial statements, have been restated to correct a misstatement. Our opinion is not modified in respect of this matter.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Company 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 opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. GAAP, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

Company's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 US GAAS 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are events or conditions, considered in the aggregate that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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 control related matters that we identified during the audit.



Vancouver, Canada
March 5, 2024

Chartered Professional Accountants

SBS Franchising LLC

Consolidated Balance Sheets

(Expressed in US dollars)

December 31

2023

2022

Assets

Current

Cash	\$ 621,654	\$ 731,310
Restricted cash (note 3)	1,200,000	1,200,000
Accounts receivable, net of allowance for doubtful accounts of \$Nil (2022 - \$35,900)	994,500	616,869
Due from related parties (note 9)	3,979,771	2,838,923
Prepaid expenses	101,406	65,287
Master franchise fee receivable	24,500	125,472

Total current assets	<u>6,921,831</u>	<u>5,577,861</u>
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Intangible assets (note 4)	716,152	859,399
Franchise assets (note 5)	723,423	640,986
Master franchise fee receivable	-	15,604

Total assets	<u>\$ 8,361,406</u>	<u>\$ 7,093,850</u>
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Liabilities

Current

Line of credit with financial institutions (note 6)	\$ 89,771	\$ 45,954
Accounts payable and accrued liabilities	1,556,946	848,876
Franchise contract liabilities (note 5)	359,861	150,738

Total current liabilities	<u>2,006,578</u>	<u>1,045,568</u>
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Franchise contract liabilities (note 5)	3,781,385	3,976,984
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Total liabilities	<u>5,787,963</u>	<u>5,022,552</u>
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Members' equity

Members' interest	2,536,142	2,024,028
Cumulative translation adjustment	37,301	47,270

Total members' equity	<u>2,573,443</u>	<u>2,071,298</u>
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Total liabilities and members' equity	<u>\$ 8,361,406</u>	<u>\$ 7,093,850</u>
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On behalf of the board



Director

Afshin Cangarlu

SBS Franchising LLC

Consolidated Statements of Income and Comprehensive Income

(Expressed in US dollars)
Years ended December 31

2023
as restated

Revenue		
Royalty fees	\$ 9,012,509	\$ 6,779,096
Franchise license fees	559,184	349,125
Other revenues	137,025	84,630
Total revenues	9,708,718	7,212,851
Expenses (income)		
License fees (note 10)	4,646,936	768,905
Employee compensation and benefits (note 7)	2,071,723	1,849,040
Marketing and advertising	1,054,741	781,481
Legal and professional fees	618,149	1,349,238
General and administration	412,701	450,989
Occupancy (note 9)	155,721	145,719
Depreciation & amortization	143,247	143,247
Software license fee (note 9)	104,367	86,749
Franchise contract expense	10,846	4,888
Gain on sale of IP (note 10)	-	(49,371,163)
Franchisee expenses	-	150,000
Recovery of doubtful accounts receivable	(8,400)	(51,700)
Total expenses (income)	9,210,031	(43,692,607)
Operating income	498,687	50,905,458
Other income (expenses)		
Interest earned	72,371	7,791
Exchange gain or loss	-	(894)
Interest expense	(7,545)	(179,902)
Loss on extinguishment of debt	(16,000)	-
Income tax expense (note 8)	(4,990,399)	(118,670)
Net (deficit) income	(4,442,886)	50,613,783
Other comprehensive income		
Foreign currency translation	(9,969)	39,645
Comprehensive (deficit) income	\$ (4,452,855)	\$ 50,653,428

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

SBS Franchising LLC

Consolidated Statements of Changes in Members' Equity

(Expressed in US dollars)

Years ended December 31, 2023 and 2022

	Members' Interest	Cumulative Translation	Total Members' Equity
January 1, 2022	\$ (1,927,856)	7,625	\$ (1,920,231)
Net income	50,613,783	-	50,613,783
Member distributions	(46,661,899)	-	(46,661,899)
Cumulative translation	-	39,645	39,645
December 31, 2022	2,024,028	47,270	2,071,298
Net income	(4,442,886)	-	(4,442,886)
Member contributions	4,955,000	-	4,955,000
Cumulative translation	-	(9,969)	(9,969)
December 31, 2023	\$ 2,536,142	\$ 37,301	\$ 2,573,443

SBS Franchising LLC

Consolidated Statements of Cash Flows

(Expressed in US dollars)
Years ended December 31

2023

2022

Cash flows from operating activities

Net (deficit) income	\$ (4,442,886)	\$ 50,613,783
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	143,247	143,247
Gain on sale of IP (note 10)	-	(49,371,163)
Loss on extinguishment of debt	16,000	-
Change in operating assets and liabilities:		
Increase in accounts receivable	(217,581)	(192,508)
Increase in prepaids and other assets	(36,119)	(65,287)
Increase in franchise contract assets	(82,437)	(34,917)
Increase in accounts payable	529,561	520,893
Decrease in deferred revenue	-	(23,800)
Increase in franchise contract liabilities	1,795	366,069

Net cash (used in) provided by operating activities (4,088,420) 1,956,317

Cash flows from investing activities

Advances to related parties (note 9)	(1,143,420)	(2,829,843)
Decrease in notes receivable	116,885	208,722
Sale of IP (note 10)	-	59,400,000
Acquisition of BRM software (note 4)	-	(1,002,647)

Net cash (used in) provided by investing activities (1,026,535) 55,776,232

Cash flows from financing activities

Repayments of debt	-	(2,100,000)
Repayment to related parties (note 9)	-	(200,000)
Drawdown (repayment) of line of credit (note 6)	43,817	(85,188)
Members contributions (distributions) (note 9)	4,955,000	(53,762,262)

Net cash provided by (used in) financing activities 4,998,817 (56,147,450)

Foreign exchange differences on cash and cash equivalents 6,482 (15,422)

Net (decrease) increase in cash (109,656) 1,569,676

Cash, beginning of year 1,931,310 361,634

Cash, end of year \$ 1,821,654 \$ 1,931,310

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2023

1. Operations and economic dependence

SBS Franchising, Inc. (the “Company”) was formed under the General Corporation Law of the state of Delaware on January 13, 2015. For income tax purposes, the Company converted from a corporation to a limited liability company at the beginning of 2018 and changed its name to SBS Franchising, LLC. The Company is in the business of franchising commercial cleaning businesses and, in that regard, granting to independent investors the right to operate master franchises of the Company’s commercial cleaning and maintenance service business, and granting licenses to such master franchisees to use the methods, marks, procedures and products developed by the Company.

Going concern

The Company had a net loss of \$4,442,886 and negative operating cash flow of \$4,088,420 during the period. This is primarily due to a deferred tax charge of \$4,919,000 related to the gain on the sale of IP from the previous reporting period. In order to meet this tax liability, the Company is dependent upon its shareholders for financial support. The Company believes it has sufficient resources for future periods to continue as a going concern.

2. Summary of significant accounting policies

Basis of presentation

The Company has prepared these consolidated financial statements in accordance with US Generally Accepted Accounts Principles (U.S. GAAP).

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Making estimates requires management to exercise significant judgement. Management base its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. These estimates are based on information available as of the date of the financial statements; therefore, actual results may differ materially from those estimates. Significant areas requiring the use of estimates relate to the determination of recoverability of trade receivables.

Related party transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Concentrations of credit risk

Financial instruments that could potentially subject the Company to concentration of credit risk include cash deposited in accounts in excess of federally insured limits, and accounts receivable.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Foreign Operations

The consolidated financial statements are presented in U.S. dollars, which is the reporting currency. The Company translates the results of operations of its subsidiaries with functional currencies other than the U.S. dollar using average exchange rates during each period and translates balance sheet accounts using exchange rates at the end of each period.

The Company records currency translation adjustments as a component of equity within Accumulated other comprehensive income and transaction gains and losses in other expense, net in our consolidated statements of operations and comprehensive (loss) income. Foreign currency translation balances.

reported within Accumulated other comprehensive income are recognized in the consolidated statements of operations and comprehensive (loss) income when the operation is disposed of or substantially liquidated.

Revenue recognition

Franchise revenue, in the form of royalty fees, franchise license fees, and other revenue is recognized in accordance with ASC 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

The standard includes the following five-step revenue recognition process:

1. Identify the contract with a customer
2. Identify performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognize revenue when each performance obligation is satisfied

The Company has implemented this five-step process in recognizing revenues related to the sale of franchise contracts. The Company has executed franchise agreements with its customers (the "Franchisees") in which the rights and obligations of each party are specified. The contract terms are typically 15 years. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The Company's franchise sale performance obligations include providing initial and continuous training, brand training and reference materials, use of marks and logos, and continuous franchisee support. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's intellectual property over the term of the license. While revenue is presented in the consolidated statements of income on a disaggregated basis, the services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Therefore, the franchise sale revenue collected from Franchisees are directly allocated to such single performance obligation. While the recognition of franchise sale revenues is spread over the term of the franchise contracts on a straight-line basis, the royalty revenues are recognized on a monthly basis as a percentage of revenues earned by the Franchisees.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

The un-recognized portions of the contract costs and revenues have been recorded as master franchise fee receivable and franchise contract liabilities, respectively, in the Company's financial statements. Incremental costs of obtaining customer contracts are capitalized as a franchise asset and expensed on a straight-line basis over the life of the contract. A franchise contract liability is recognized to defer initial franchise fee revenue over the period of the contract it relates to.

The Company receives cash and master franchise fee receivable as consideration upon the issuance of non-cancelable business licensing contracts with its cleaning service master licensees. The Company recognizes franchise fee revenue in accordance with ASC 606 as the licenses are issued, and cash is received, or master franchise fee receivable are signed and become effective.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component. The Company usually receives cash within 30 days of invoice.

Accounts receivable and master franchise fee receivable

The Company uses the accrual method of accounting and evaluates the collectability of its accounts and master franchise fee receivable based on historical data and anticipated effects of economic and other business trends that may have a bearing on collectability.

Intangible assets

Intangible assets are stated at cost at the date of purchase, less accumulated amortization. Amortization is calculated using the straight-line method over of the estimated useful life of the asset. Intangible assets have a useful life of 7 years.

Intangible assets area assessed for impairment on an annual basis. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the intangible asset and adjusts the carrying value accordingly.

Fair value of financial instruments

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. There is a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 -

Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 -

Includes other inputs that are directly or indirectly observable in the marketplace, such as quoted market prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Fair value of financial instruments (continued)

Level 3 -

Unobservable inputs which are supported by little or no market activity.

Financial instruments (principally cash and cash equivalents, accounts receivable, accounts payable and accrued expenses) are carried at cost, which approximates fair value due to the short-term maturity of these instruments. Our credit facility is carried at cost, which approximates fair value due to the variable interest rate associated with the revolving credit facility.

Income taxes

As a limited liability company, the Company does not pay federal income taxes. Instead, the taxable income is passed through to the owners. Consequently, the owners are individually liable for federal income taxes based on their share of Company's taxable income. A fee is paid to the state of California based on the gross receipts of the Company during the taxable year.

Consolidation

This policy outlines the processes necessary to ensure proper financial statement presentation of these entities within the SBS Franchising LLC's consolidated financial statements.

Financial statement information for SBS Franchising LLC Group entities is maintained in separate ledgers. The following consolidated entities are in-scope for purposes of this policy:

1. SBS Franchising, LLC ("SBS") is a Delaware corporation of which Afshin Cangarlu, Foad Rekabi, and Best Bits Inc. are sole owners. SBS Franchising offers the right to sell and license individual commercial cleaning franchises ("master franchises") using the Stratus Building Solutions system and trademarks.
2. Stratus Building Solutions Canada Inc. is a Canadian corporation of which SBS Franchising, LLC is the sole owner. Stratus Building Solutions Canada Inc. offers the right to sell and license individual commercial cleaning franchises ("master franchises") in the Canadian provinces using the Stratus Building Solutions system and trademarks.

All intercompany transactions are eliminated upon consolidation.

3. Restricted cash

Per the Acquisition Agreement (note 10) by and between SBS Franchising ("Vendor"), LLC, Strat-B Royalties Limited Partnership, and Diversified Royalty Corp ("DIV"), the Vendor shall maintain a minimum cash balance of \$1,200,000 in a segregated account until the later of the first anniversary of the closing date of the sale of the Vendor's worldwide trademark portfolio and certain other intellectual property rights or DIV consent in writing that the Vendor's trailing twelve-month EBITDA target have been met. As at December 31, 2023, the EBITDA target has not been met.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2023

4. Intangible Assets

On January 1, 2022, the Company purchased software from BRMCloud Inc. (note 9). The software is used by the Company and its master franchises for the day-to-day management of their businesses. The Company amortize the software over its useful life of 7 years.

	<u>2023</u>	<u>2022</u>
January 1	\$ 859,399	\$ 2,913,921
Software acquired	-	1,002,646
Transfer from related party (note 9)		7,114,856
Amortization	(143,247)	(143,247)
Disposals (note 10)		(10,028,777)
Ending balance	<u>\$ 716,152</u>	<u>\$ 859,399</u>

Following is a schedule of future amortization expenses as of December 31, 2023:

2024	\$ 143,247
2025	143,247
2026	143,247
2027	143,247
2028	143,164
	<u>\$ 716,152</u>

5. Franchise contract assets and liabilities

Franchise contract assets	<u>2023</u>	<u>2022</u>
January 1	\$ 640,986	\$ 606,086
Additions	152,575	69,817
Amortization	(70,138)	(34,917)
Ending balance	<u>\$ 723,423</u>	<u>\$ 640,986</u>
Franchise contract liabilities	<u>2023</u>	<u>2022</u>
January 1	\$ 4,127,722	\$ 3,785,798
Additions	358,286	664,461
Amortization	(344,762)	(322,537)
Ending balance	<u>\$ 4,141,246</u>	<u>\$ 4,127,722</u>

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2023

6. Line of credit

The Company has a line of credit available of \$140,000. As at December 31, 2023, the Company had drawn down \$89,711 (2022: \$45,954). The interest rate is 2.99%.

7. Employee salaries and benefits

The Company offers a matching contributory retirement plan to the employees that have been with the Company for more than one year. The total cost during the year was \$41,263 (2022: \$22,943).

8. Provision for income taxes

The Company files income tax returns in the U.S. federal jurisdiction, and the states of Delaware and California. While the Company is not subject to U.S. federal tax, it is subject to California state limited liability fees based on gross receipts, with a minimum \$800 annual fee.

SBS Franchising LLC has elected the pass-through-entity elective tax. The elective tax is 9.3% of the entity's qualified net income, which is the sum of the pro rata or distributive share and guaranteed payments of each qualified taxpayers' income subject to California personal income tax. Qualified taxpayers are eligible to claim a non-refundable credit for tax paid on the qualified taxpayers' pro rata or distributive share and guaranteed payments included in the qualified entity's qualified net income. Unused credits can be carried over for up to 5 years.

The Company follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10-65-1. The Company recognizes no increase in the liability for unrecognized tax benefits. The Company has no tax position at December 31, 2023 for which the ultimate deductibility is uncertain. The Company recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses. No such interest or penalties were recognized during the period presented. The Company had no accrual for interest and penalties at December 31, 2023 and 2022.

In 2022, the Company filed an extension for payment which was granted, deferring the tax charge to the year ended December 31, 2023.

9. Related parties

The Company pays management fees to a related entity owned by two of the owners of the Company. The total management fees paid in 2023 and 2022 were \$Nil and \$150,000, respectively.

The Company pays occupancy, management and consulting fees to related entities owned by three of the owners of the Company. The total fees in 2023 and 2022 were \$237,500 and \$759,333, respectively.

The Company purchased software in 2022 from BRMCloud Inc., which is owned by two of the Company's owners. The software is used by the Company and its master franchises for the day-to-day management of their businesses.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2023

9. Related parties (continued)

The Company purchased software in 2022 from BRMCloud Inc., which is owned by two of the Company's owners. The software is used by the Company and its master franchises for the day-to-day management of their businesses.

The Company owners participate in monthly founders' royalty and equity drawdowns. The total founders' royalty in 2023 and 2022 was \$Nil and \$617,516, and the ownership drawdowns in 2023 and 2022 were \$Nil and \$1,050,000, respectively.

The Company received \$Nil (2022: \$7,114,856) as a contribution in the form of intangible assets from SBS Services Group, LLC.

The Company received a contribution of \$4,955,000 from its owners (2022: made a distribution of \$52,109,239 to its owners). Total member contributions received in cash for the period amount to \$4,955,000 (2022: \$53,762,262 distributions paid).

SBS Services Group, LLC maintains a franchise license from SBS Franchising, LLC to operate as a "Master Franchisor" in various geographical regions within the United States. Under the master franchise license, the Company provides licenses to its franchisees to use the methods, marks, procedures and products developed by the Company. Per the master franchise license, SBS Services Group, LLC is obligated to pay royalties to the Company. The total royalties for 2023 and 2022 were \$2,086,248 and \$1,232,418, respectively.

The Company is owed \$1,411,399 and \$678,057 from SBS Services Group, LLC and Stratus Building Solutions Canada Inc. respectively, in relation to license fees paid in 2023 to Diversified Royalty Corp (note 10).

10. Sale of intellectual property

On November 15, 2022 the Company sold its worldwide trademark portfolio and certain other intellectual property rights utilized by Stratus Franchising, LLC ("Stratus Rights") in its business to Strat-B Royalties Limited Partnership, a division of Diversified Royalty Corp ("DIV"). The total purchase price included cash of \$59.4 million and variable consideration in the form of an incremental earn out discussed below.

Concurrently with the sale, the Company entered into a licensing arrangement whereby DIV licensed the Stratus Rights in the United States, Canada, Australia, New Zealand and the United Kingdom back to the Company for 50 years, in exchange for an initial royalty payment of \$6 million per annum. The initial royalty will be automatically increased by 5% on each anniversary of the closing date in calendar years 2023, 2024, 2025 and 2026 and by 4% on each anniversary of the closing date thereafter without any further consideration payable by DIV or Strat-B LP. During 2023, the Company paid \$4,646,936 to DIV in respect of license fees (2022: \$768,905).

On April 1st of each year following the closing date, DIV can compel the Company to pay an additional royalty fee ("Additional Royalty") based on the Company meeting certain EBITDA targets. The amount of the Additional Royalty fee cannot be less than \$1,000,000 per annum and must, in respect of amounts over that threshold, be in increments of \$100,000 per annum. The EBITDA targets were not met in 2023.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2023

10. Sale of intellectual property (continued)

If DIV compels the Company to pay the Additional Royalty, the incremental earn out is triggered and the Company will be entitled to incremental earn out payments under the sale agreement. As discussed above, the incremental earn out is a form of variable consideration, and as at December 31, 2023, the Company is unable to assert that it is highly probable there will not be a significant reversal. As a result, the Company has not recognized the variable consideration on the sale. The Company will reassess the likelihood at each reporting period.

The sale of the Stratus Rights resulted in a gain of \$49,371,163 recognized in the year ended December 31, 2022.

11. Commitments and contingencies

The Company may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. The Company provides for these uncertainties when the occurrence of events is likely, and a reasonable estimate of the loss can be made.

As of the date of the audit report there are no contingent or other liabilities that have not been recorded or disclosed in these financial statements or accompanying notes and that there is no pending or threatened litigation against the Company, its management or its owners.

12. Restatement

Management evaluated the presentation of the Gain on sale of IP and amortization & depreciation within other income (expenses) in the prior reporting period and concluded it was not presented in accordance with US Generally Accepted Accounts Principles (U.S. GAAP). These items have therefore been presented in operating income in these financial statements. The Company determined that the change is a result of a misapplication of US GAAP and should be treated as a correction of an error, even though its previously reported net income would not change.

13. Subsequent events

Management evaluated subsequent events through March 5, 2024, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.



Consolidated Financial Statements

SBS Franchising LLC

(Expressed in US dollars)

December 31, 2022 and 2021

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Independent Auditor's Report

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To the Members of

SBS Franchising LLC

Opinion

We have audited the consolidated financial statements of SBS Franchising LLC (the "Company"), which comprise the balance sheet as at December 31, 2022, and the statements of income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of SBS Franchising LLC for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on March 15, 2022.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Vancouver, Canada
March 31, 2023

Chartered Professional Accountants

SBS Franchising LLC

Balance Sheets

(Expressed in US dollars)

December 31

2022

2021

Assets

Current

Cash	\$ 731,310	\$ 361,634
Restricted cash (note 3)	1,200,000	-
Accounts receivable, net of allowance for doubtful accounts of \$35,900 (2021 - \$87,600)	616,869	586,372
Due from related parties (note 7)	2,838,923	-
Prepaid expenses	65,287	-
Master franchise fee receivable	125,472	201,405

Total current assets	5,577,861	1,149,411
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Intangible assets (note 8)	859,399	2,913,981
Franchise assets	640,986	606,068
Master franchise fee receivable	15,604	149,374

Total assets	\$ 7,093,850	\$ 4,818,834
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Liabilities

Current

Line of credit with financial institutions	\$ 45,954	\$ 39,423
Accounts payable and accrued liabilities	848,876	493,825
Insurance reserve	-	41,640
Unearned revenue	-	23,800
Franchise contract liabilities	150,738	133,813
Notes payable	-	54,579
Due to related parties (note 7)	-	200,000

Total current liabilities	1,045,568	987,080
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Franchise contract liabilities	3,976,984	3,651,985
Notes payable	-	2,100,000

Total liabilities	5,022,552	6,739,065
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Members' equity

Members' interest (note 9)	2,024,028	(1,927,857)
Cumulative translation adjustment	47,270	7,626

Total members' equity	2,071,298	(1,920,231)
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Total liabilities and members' equity	\$ 7,093,850	\$ 4,818,834
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On behalf of the board

Director

SBS Franchising LLC

Statements of Income

(Expressed in US dollars)

Years ended December 31

	2022	2021
Revenue		
Royalty fees	\$ 6,779,096	\$ 5,106,733
Franchise license fees	349,125	371,687
Other revenues	84,630	6,167
Total revenues	7,212,851	5,484,587
Expenses		
Employee compensation and benefits (note 4)	1,849,040	1,505,796
Legal and professional fees	1,349,238	303,815
Marketing and advertising	781,481	491,597
License fees (note 7)	768,905	-
General and administration	450,989	195,755
Franchisee expenses	150,000	66,000
Occupancy	145,719	46,505
Software license fee (note 7)	86,749	723,745
Franchise contract expense	4,888	59,601
Recovery of doubtful accounts receivable	(51,700)	(62,400)
Total expenses	5,535,309	3,330,414
Operating income	1,677,542	2,154,173
Other income (expenses)		
Gain on sale of IP (note 8)	49,371,163	-
Interest earned	7,791	5,676
Gain on extinguishment of debt	-	206,653
Exchange gain or loss	(894)	-
Depreciation & amortization	(143,247)	-
Income tax expense (note 6)	(118,670)	(51,609)
Interest expense	(179,902)	(247,601)
Net income	\$ 50,613,783	\$ 2,067,292

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

SBS Franchising LLC

Statements of Changes in Members' Equity

(Expressed in US dollars)
Years ended December 31, 2022 and 2021

	Members' Capital	Accumulated Profit	Total Members' Equity
January 1, 2021	\$ (165,825)	\$ (1,711,907)	\$ (1,877,732)
Net income	-	2,067,292	2,067,292
Member distributions	-	(2,117,416)	(2,117,416)
Cumulative translation	-	7,625	7,625
December 31, 2021	(165,825)	(1,754,406)	(1,920,231)
Net income	-	50,613,783	50,613,783
Member distributions	-	(46,661,899)	(46,661,899)
Cumulative translation	-	39,645	39,645
December 31, 2022	\$ (165,825)	\$ 2,237,123	\$ 2,071,298

SBS Franchising LLC

Statements of Cash Flows

(Expressed in US dollars)

Years ended December 31

2022

2021

Cash flows from operating activities

Net income	\$ 50,613,783	\$ 2,067,292
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Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation	143,247	-
Gain on sale of IP (note 8)	(49,371,163)	-
Gain on extinguishment of debt	-	(206,653)

Change in operating assets and liabilities:

Increase in accounts receivable	(192,508)	(219,423)
Decrease (increase) in prepaids and other assets	(65,287)	12,667
Increase in franchise contract assets	(34,917)	(21,096)
Increase in accounts payable	520,893	97,044
Increase (decrease) in deferred revenue	(23,800)	23,801
Increase in franchise contract liabilities	366,069	542,716
Decrease in other liabilities	(85,188)	(49,913)

Net cash provided by operating activities	1,871,129	2,246,435
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Cash flows from investing activities

Sale of IP (note 8)	59,400,000	-
Acquisition of BRM software (note 9)	(1,002,647)	-
Advances to related parties (note 9)	(2,829,843)	294,748
Decrease (increase) in notes receivable	208,722	(91,235)

Net cash provided by investing activities	55,776,232	203,513
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Cash flows from financing activities

Repayments of debt	(2,100,000)	(400,000)
Repayment to related parties	(200,000)	-
Members distributions	(53,762,262)	(2,117,416)

Net cash used in financing activities	(56,062,262)	(2,517,416)
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Foreign currency translation	(15,422)	(4,169)
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Net increase (decrease) in cash	1,569,676	(71,637)
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Cash, beginning of year	361,634	433,271
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Cash, end of year	\$ 1,931,310	\$ 361,634
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SBS Franchising LLC

Notes to the Financial Statements

December 31, 2022

1. Operations

SBS Franchising, Inc. (the “Company”) was formed under the General Corporation Law of the state of Delaware on January 13, 2015. For income tax purposes, the Company converted from a corporation to a limited liability company at the beginning of 2018 and changed its name to SBS Franchising, LLC. The Company is in the business of franchising commercial cleaning businesses and, in that regard, granting to independent investors the right to operate master franchises of the Company’s commercial cleaning and maintenance service business, and granting licenses to such master franchisees to use the methods, marks, procedures and products developed by the Company. The financial information contained in this report is limited to the Company’s U.S. and Canadian operations.

2. Summary of significant accounting policies

Basis of presentation

The Company has prepared these consolidated financial statements in accordance with US Generally Accepted Accounts Principles (U.S. GAAP).

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Making estimates requires management to exercise significant judgement. Management base its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. These estimates are based on information available as of the date of the financial statements; therefore, actual results may differ materially from those estimates. Significant areas requiring the use of estimates relate to the determination of recoverability of trade receivables.

Related party transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Concentrations of credit risk

Financial instruments that could potentially subject the Company to concentration of credit risk include cash deposited in accounts in excess of federally insured limits, and accounts receivable.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Revenue recognition

Franchise revenue, in the form of royalty fees, franchise license fees, and other revenue is recognized in accordance with ASC 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

The standard includes the following five-step revenue recognition process:

1. Identify the contract with a customer
2. Identify performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognize revenue when each performance obligation is satisfied

The Company has implemented this five-step process in recognizing revenues related to the sale of franchise contracts. The Company has executed franchise agreements with its customers (the "Franchisees") in which the rights and obligations of each party are specified. The contract terms are typically 15 years. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The Company's franchise sale performance obligations include providing initial and continuous training, brand training and reference materials, use of marks and logos, and continuous franchisee support. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Therefore, the franchise sale revenue collected from Franchisees are directly allocated to such single performance obligation. While the recognition of franchise sale revenues is spread over the term of the franchise contracts on a straight-line basis, the royalty revenues are recognized on a monthly basis as a percentage of revenues earned by the Franchisees.

The un-recognized portions of the contract costs and revenues have been recorded as master franchise fee receivable and franchise contract liabilities, respectively, in the Company's financial statements. Incremental costs of obtaining customer contracts are capitalized as an asset and expensed on a straight-line basis over the life of the contract. A contract liability is recognized to defer initial franchise fee revenue over the period of the contract it relates to.

The Company receives cash and master franchise fee receivable as consideration upon the issuance of non-cancelable business licensing contracts with its cleaning service master licensees. The Company recognizes franchise fee revenue in accordance with ASC 606 as the licenses are issued, and cash is received, or master franchise fee receivable are signed and become effective.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Accounts receivable and master franchise fee receivable

The Company uses the accrual method of accounting and evaluates the collectability of its accounts and master franchise fee receivable based on historical data and anticipated effects of economic and other business trends that may have a bearing on collectability.

Fair value of financial instruments

All financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently measured at cost or amortized cost and management has not elected to carry any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset and adjusts the carrying value accordingly. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Income taxes

As a limited liability company, the Company does not pay federal income taxes. Instead, the taxable income is passed through to the owners. Consequently, the owners are individually liable for federal income taxes based on their share of Company's taxable income. A fee is paid to the state of California based on the gross receipts of the Company during the taxable year.

Consolidation

This policy outlines the processes necessary to ensure proper financial statement presentation of these entities within the SBS Franchising LLC's consolidated financial statements.

Financial statement information for SBS Franchising LLC Group entities is maintained in separate ledgers. The following consolidated entities are in-scope for purposes of this policy:

1. SBS Franchising, LLC ("SBS") is a Delaware corporation of which Afshin Cangarlu, Foad Rekabi, and Best Bits Inc. are sole owners. SBS Franchising offers the right to sell and license individual commercial cleaning franchises ("master franchises") using the Stratus Building Solutions system and trademarks.
2. Stratus Building Solutions Canada Inc. is a Canadian corporation of which SBS Franchising, LLC is the sole owner. Stratus Building Solutions Canada Inc. offers the right to sell and license individual commercial cleaning franchises ("master franchises") in the Canadian provinces using the Stratus Building Solutions system and trademarks.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Recent accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, Measurement of credit losses on financial instruments. The ASU requires measurement and recognition of expected credit losses for financial assets held by the Company. The ASU requires entities to estimate an expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings. The ASU is effective for the Company beginning or after December 15, 2022, including interim periods in fiscal year 2022.

In May 2019, the FASB issued ASU No. 2019-05, Financial Instruments—Credit Losses (Topic 326). The ASU provides final guidance that allows entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets at amortized cost (except held-to maturity securities) using the fair value option. The ASU is effective for the Company beginning on or after December 15, 2022, including interim periods in fiscal year 2022.

3. Restricted cash

Per the Acquisition Agreement (note 8) by and between SBS Franchising (“Vendor”), LLC, Strat-B Royalties Limited Partnership, and Diversified Royalty Corp (“DIV”), the Vendor shall maintain a minimum cash balance of \$1,200,000 in a segregated account until the later of the first anniversary of the closing date of the sale of the Vendor’s worldwide trademark portfolio and certain other intellectual property rights or DIV consent in writing that the Vendor’s trailing twelve-month EBITDA hurdles have been met.

4. Employee salaries and benefits

The Company offers a matching contributory retirement plan to the employees that have been with the Company for more than one year. The total cost during the year was \$22,943 (2021 - \$31,773).

5. Workers compensation insurance program and reserve account

The Company’s Master Franchisees participated in a group/co-op workers’ compensation insurance plan by taking advantage of the group rate and collectively sharing both the benefit and the risk. This was a three-year plan and the rates were calculated on a cumulative basis throughout the three years. A separate bank account was established and dedicated to this insurance program to collect premiums from participating Master Franchisees and pay the monthly premiums to the insurance carrier. The reserve was accumulated based on monthly collections in excess of the required insurance premium to cover potential higher than expected premium hikes in the future. This program ended as of December 31, 2018. The accumulated reserve will not be returned to the participating Master Franchisees until the program is fully closed by the insurance carrier. In 2022 the group/co-op workers’ compensation insurance plan was closed. The balance of the insurance reserve account as of December 31, 2022 and 2021 were \$Nil and \$41,640, respectively.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2022

6. Provision for income taxes

The Company files income tax returns in the U.S. federal jurisdiction, and the states of Delaware and California. While the Company is not subject to U.S. federal tax, it is subject to California state limited liability fees based on gross receipts, with a minimum \$800 annual fee.

SBS Franchising LLC has elected the pass-through-entity elective tax. The elective tax is 9.3% of the entity's qualified net income, which is the sum of the pro rata or distributive share and guaranteed payments of each qualified taxpayers' income subject to California personal income tax. Qualified taxpayers are eligible to claim a non-refundable credit for tax paid on the qualified taxpayers' pro rata or distributive share and guaranteed payments included in the qualified entity's qualified net income. Unused credits can be carried over for up to 5 years.

The Company follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10-65-1. The Company recognizes no increase in the liability for unrecognized tax benefits. The Company has no tax position at December 31, 2022 for which the ultimate deductibility is uncertain. The Company recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses. No such interest or penalties were recognized during the period presented. The Company had no accrual for interest and penalties at December 31, 2022 and 2021.

7. Related parties

The Company pays management fees to a related entity owned by two of the owners of the Company. The total management fees paid in 2022 and 2021 were \$150,000 and \$66,000, respectively.

The Company pays management and consulting fees to related entities owned by three of the owners of the Company. The total management and consulting fees in 2022 and 2021 were \$759,333 and \$120,360, respectively.

The Company purchased software in the year from BRMCloud Inc., which is owned by two of the Company's owners. The software is used by the Company and its master franchises for the day-to-day management of their businesses.

The Company owners participate in monthly founders' royalty and equity drawdowns. The total founders' royalty in 2022 and 2021 was \$617,416 and \$634,625, and the ownership drawdowns in 2022 and 2021 were \$1,050,000 and \$1,500,000, respectively.

As part of the transaction noted in note 8, the Company also received \$7,114,856 as a distribution in the form of intangible assets from SBS Services Group, LLC. Following the transaction, the Company made a distribution to its owners of \$52,109,239.

SBS Services Group, LLC maintains a franchise license from SBS Franchising, LLC to operate as a "Master Franchisor" in various geographical regions within the United States. Under the master franchise license, the Company provides licenses to its franchisees to use the methods, marks, procedures and products developed by the Company. Per the master franchise license, SBS Services Group, LLC is obligated to pay royalties to the Company. The total royalties for 2022 and 2021 were \$1,232,418 and \$940,758, respectively.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2022

8. Sale of intellectual property

On November 15, 2022 the Company sold its worldwide trademark portfolio and certain other intellectual property rights utilized by Stratus Franchising, LLC ("Stratus Rights") in its business to Strat-B Royalties Limited Partnership, a division of Diversified Royalty Corp. The total purchase price included cash of \$59.4 million and variable consideration in the form of an incremental earn out discussed below.

Concurrently with the sale, the Company entered into a licensing arrangement whereby DIV licensed the Stratus Rights in the United States, Canada, Australia, New Zealand and the United Kingdom back to the Company for 50 years, in exchange for an initial royalty payment of \$6 million per annum. The initial royalty will be automatically increased by 5% on each anniversary of the closing date in calendar years 2023, 2024, 2025 and 2026 and by 4% on each anniversary of the closing date thereafter without any further consideration payable by DIV or Strat-B LP.

On April 1st of each year following the closing date, DIV can compel the Company to pay an additional royalty fee ("Additional Royalty") based on the Company meeting certain EBITDA targets. The amount of the Additional Royalty fee cannot be less than \$1,000,000 per annum and must, in respect of amounts over that threshold, be in increments of \$100,000 per annum.

If DIV compels the Company to pay the Additional Royalty, the incremental earn out is triggered and the Company will be entitled to incremental earn out payments under the sale agreement. As discussed above, the incremental earn out is a form of variable consideration, and the Company is unable to assert that it is highly probable there will not be a significant reversal. As a result, the Company has not recognized the variable consideration on the sale. The Company will reassess the likelihood at each reporting period.

The sale of the Stratus Rights resulted in a gain of \$49,371,163.

9. Members' capital

Authorized

The shares which the Company is authorized to issue are Common Stock shares

Issued

As at 31 December, 2022, the Company had 10,000 Common Stock shares (2021 – 10,000) issued for a consideration of \$0.00001 per share.

10. Commitments and contingencies

The Company may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. The Company provides for these uncertainties when the occurrence of events is likely, and a reasonable estimate of the loss can be made.

As of the date of the audit report there are no contingent or other liabilities that have not been recorded or disclosed in these financial statements or accompanying notes and that there is no pending or threatened litigation against the Company, its management or its owners.

SBS Franchising LLC

Notes to the Financial Statements

December 31, 2022

11. Subsequent events

Management evaluated subsequent events through March 31, 2023, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

EXHIBIT G

BRAND STANDARDS MANUAL TABLE OF CONTENTS

Chapter	Topic	Number of Pages
Chapter 1	Intro to the manual	4
Chapter 2	Understanding franchising	7
Chapter 3	Introduction to the franchise system	6
Chapter 4	Onboarding	15
Chapter 5	Human resources	47
Chapter 6	Gowing your business	4
Chapter 7	Contract sales	7
Chapter 8	Servicing contracts	13
Chapter 9	Operating procedures	19
Chapter 10	Finance and accounting	3
Chapter 11	Franchise agreement – policies and procedures	3
Chapter 12	Statements and forms	10

Total number of pages: 138

EXHIBIT H
STATE ADDENDA

**ADDENDUM TO THE STRATUS BUILDING SOLUTIONS OF MILWAUKEE
FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN**

This Addendum is to a Franchise Agreement between M&R Cleaning Solutions LLC and _____ (Franchisee) to amend said Agreement by including the following language:

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provisions of the Franchise Contract or Agreement if such provisions are in conflict with that law.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date below the signatures.

**M& R CLEANING SOLUTIONS
LLC**, a Wisconsin limited liability
company

By: _____

Its: _____

Date: _____

FRANCHISEE:

By: _____

Its: _____

Date: _____

EXHIBIT I

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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
Wisconsin	

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 J-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 M&R CLEANING SOLUTIONS LLC d/b/a STRATUS BUILDING SOLUTIONS OF MILWAUKEE OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU FOURTEEN (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.

IF M&R CLEANING SOLUTIONS LLC d/b/a STRATUS BUILDING SOLUTIONS OF MILWAUKEE DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C., 20580, AND THE AGENCY IN YOUR STATE INDICATED IN EXHIBIT C.

The following is the name, principal business address and telephone number of each franchise seller offering this franchise:

Name	Principal Business Address	Telephone No.
Darrel McNeal	1100 Commerce Drive, Suite 113, Mount Pleasant, Wisconsin 53406	(262) 456-2930
Tywone Redmond	1100 Commerce Drive, Suite 113, Mount Pleasant, Wisconsin 53406	(262) 456-2930

Date of Issuance: July 22, 2024.

I have received a Disclosure Document dated July 2, 2024. This Disclosure Document included the following Exhibits:

Exhibit A	Franchise Agreement	Exhibit F-1	Financial Statements of Stratus Milwaukee
Exhibit B	Equipment and Supply Starter Kit	Exhibit F-2	Financial Statements of SBS Franchising
Exhibit C	List of State Administrators	Exhibit G	Brand Standards Manual Table of Contents
Exhibit D-1	Stratus Milwaukee Franchisee List	Exhibit H	State Addenda
Exhibit D-2	Certain System-Wide Franchisee List	Exhibit I	State Effective Dates
Exhibit E	Stratus Milwaukee Former Franchisees	Exhibit J	Receipts

[Signature Page Follows]

Exhibit J - 1

Date: _____

Prospective Franchisee:

By: _____

Name: _____

Individually and on behalf of the
following entity:

Address

City, State, Zip

EXHIBIT J-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 M&R CLEANING SOLUTIONS LLC d/b/a STRATUS BUILDING SOLUTIONS OF MILWAUKEE OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU FOURTEEN (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.

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Exhibit E-1	Stratus Milwaukee Former Franchisees	Exhibit J	Receipts

[Signature Page Follows]

Date: _____

Prospective Franchisee:

By: _____

Name: _____

Individually and on behalf of the
following entity:

Address

City, State, Zip